CST GROUP LIMITED
中譽集團有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 985)

ANNUAL REPORT 2020

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CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "Board") of CST Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I hereby report to our shareholders the results of the Group for the year ended 31 March 2020 (the "Year").

During the Year, the world economy recorded tepid growth and increasing downward pressure on fundamentals due to a combination of negative factors including escalating protectionism. While low interest rates and monetary easing policies by global central banks have provided some support to financial markets, market fluctuations continued to increase. Furthermore, sociopolitical issues continued to weigh on the Hong Kong economy and the COVID-19 pandemic, starting at the end of 2019, dealt a further blow to the global economy.

During the Year, the Group recorded a net loss of approximately US$295.10 million, up by approximately 303% compared with prior year. The increased in net loss was mainly attributable to the combined impact of several factors: (i) the adverse change of the Group's financial assets at fair value due to the volatility of financial markets resulting in widened net loss; (ii) CST Canada Coal Limited ("CST Coal") recorded an exchange loss due to the weakened exchange rate of the Canadian dollar against the US dollar; (iii) CST Coal recorded a net operating loss; and (iv) impairment loss was incurred due to impact of COVID-19 outbreak and weak of coal price.

On the mining front, the management of CST Coal leveraged their wealth of experience and expertise in mining business operations and natural resource investments to proactively source new clients while diligently improving its production and operational efficiency. Due to subdued market demand, the price of coking coal continued to decline during the Year. In addition severe weather conditions in the province of British Columbia in Canada ("British Columbia") and blockades of rail mainlines in British Columbia and the province of Ontario in Canada also negatively impacted the sales of steelmaking coal for CST Coal in the first quarter of 2020. Despite such headwinds, the revenue of the mining business from continuing operation still registered an increase of approximately 597%, thanks to the persistent and concerted efforts of its management and staff. In addition, the Group completed the disposal of CST Minerals Australia Pty Ltd (indirectly owned Lady Annie Operations) in July 2019. The disposal generated cash and helped to improve the liquidity and working capital position of the Group, thereby optimizing the Group resource allocation and enhancing overall efficiency.

In terms of investment in financial instruments, global markets recorded significant volatility amid unstable political and economic conditions during the Year. On the other hand, as internal unrest and external threats continued to hang over Hong Kong, the overall securities market also suffered from the combined impacts of the US-China trade war, social movements and the COVID-19 pandemic. This in turn hindered the performance of the Group's investment in financial instruments. The Group recorded a loss on fair value changes of financial assets fair value through profit or loss. Going forward, in light of financial market volatility, the Group will continue to improve our ability to adapt to subsequent market events through enhancements to our risk control system and maintain robust market risk management while optimizing financial asset allocation in order to achieve steady asset appreciation in the medium and long term.

In terms of property investment, the Group's property investments in Scotland, Hong Kong and Mainland China delivered robust performances, providing the Group with stable and recurrent rental income. During the Year, the price and rent of residential and commercial properties in Hong Kong have been negatively impacted by the general economic environment and the COVID-19 outbreak. The Group managed to deliver stable and prudent operations by closely following changing trends in property investments and adjusting strategies in a timely manner to proactively manage various risks. In addition, in October 2019, the Group's indirect wholly-owned subsidiary entered into an acquisition agreement to acquire a 10% equity interests in and corresponding percentage of shareholder's loan due from Uni-Dragon Limited. The acquisition will provide the Group with opportunities to invest in the property market in Macau, which will help the Group further diversify its existing portfolio and expand revenue.

The Group is also engaged in the money lending business. Due to the local economic downturn and business environment uncertainty, the Group will maintain a prudent and stable strategy for money lending in order to balance business growth and risk management.

Due to the impact of the COVID-19 outbreak, the Company resolved to suspend the coal mining operations of CST Coal in May 2020, CST Coal mine was placed into care and maintenance status. The scheduled resumption of production and operations is yet to be determined due to the uncertainties associated with the ongoing pandemic. The suspension of production and operations at CST Coal mine, depending on its duration, may have significant impact on the financial results of the Group in the coming fiscal year.

The Group will adhere to its established strategies and diligently increase diversification in investment by exploring potential growth opportunities and seeking desirable investment targets in order to achieve sustainable development and create greater value for our shareholders.

On behalf of the Board, I would like to express my gratitude to our shareholders and business partners for their longstanding trust and continued support. I would also like to thank our staff for their long-term and unremitting efforts. I look forward to announcing more developments and achievements in the years to come.

Chiu Tao
Chairman
29 June 2020

PROJECT OVERVIEW

CST STEELMAKING COAL MINE

CST Group Limited ("CST") via its indirect non-wholly owned subsidiary CST Canada Coal Limited ("CST Coal") completed on 18 July 2018 (Alberta, Canada time) the acquisition of the mining assets of Grande Cache Coal LP. CST has an 88% interest in CST Coal.

1. BACKGROUND

The mining assets of CST Coal are located in West Central Alberta, Canada approximately 400 kilometres west of the City of Edmonton, the capital of the Province of Alberta in Canada. The mine site is approximately 20 kilometres north of Grande Cache in the Municipal District of Greenview. It is accessed via Highway 40, a two-lane, paved provincial highway which connects Grande Cache to the major, east-west provincial Highway 16. It is also serviced by a branch line of the Canadian National Railway ("CN"), which connects to the main east-west line of CN, allowing access to the major coal export terminals in British Columbia. In Alberta, coal tenure is held through coal leases granted by the province. Surface and underground mining rights are also granted by the province first through a mine permit, then by a mine license for each individual mining area. CST Coal currently has approximately 29,968 hectares under coal lease.

2. OPERATIONS

CST Coal continues to successfully operate its surface mining activities at No. 8 mine and the processing plant. For the 12 months period ended 31 March 2020 (the "Year") approximately 11.43 million bcm of waste were hauled to waste dumps and approximately 1.91 million tonnes of raw coal were hauled to the Run-of-Mine ("ROM").

A total of 1.89 million tonnes of raw coal was fed into the processing plant and yielded 1.36 million tonnes of CST Premium Low Volatile Coking Coal for the seaborne markets of steelmaking. A total of 1.32 million tonnes of CST Premium Low Volatile Coking Coal were railed to Westshore Terminals in British Columbia. During the Year CST Coal sold 1.33 million tonnes of CST Premium Low Volatile Coking Coal for exports to steel mills located in various Asian countries for the purposes of steelmaking.

As at 31 March 2020, CST Coal had 48,262 tonnes of CST Premium Low Volatile Coking Coal in its stockpile at the load-out area, 21,667 tonnes in transit to the port and a stockpile of 62,602 tonnes at the port.

For the year ended 31 March 2020, CST Coal recorded 6 loss time injuries, 46 first aid and 8 medical aid. Intensive safety training and orientation for employees have been carried out across the site with a commitment to cultivating safety culture among the workforce and operating in the safest manner at the mine.

CST Coal complied with all Canadian regulatory requirements during the Year.

CST Coal did not have any exploration activities and did not incur any exploration expenditure as it dedicated its efforts on refurbishing the equipment and operating its No. 8 surface mine.

CST Coal is committed to maintaining a good relationship with the indigenous and community in the hamlet of Grande Cache and surrounding areas. There are regular meetings and updates with the indigenous groups the Aseniwuche Winewak Nation of Canada ("AWN") and the Métis Nation of Alberta Local Council #1994 ("MNA") who have members living in the area of Grande Cache. CST Coal management staff participated in several cultural and industrial events held by the local municipality and the indigenous groups AWN and MNA in Grande Cache during the Year.

CST Coal would like to extend our thanks to the indigenous groups AWN and MNA as well as the hamlet of Grande Cache in the Municipal District of Greenview for their continuous support of mining operations. We also would like to express our thanks to CN and Westshore Terminals who have provided excellent logistic services.

3. PRODUCTION STATISTICS FOR THE YEAR ENDED 31 MARCH 2020 AND THE PERIOD FROM 18 JULY 2018 TO 31 MARCH 2019 RESPECTIVELY:

		31 March 2020	18 July 2018 to 31 March 2019
Mined	Waste (bcm)	11,429,912	3,815,000
	Raw coal to ROM (tonnes)	1,912,282	361,251
	Strip ratio (%)	6.0	10.6
Production	Breaker Feed (tonnes)	1,890,878	348,939
	Breaker loss (tonnes)	92,951	(16,774)
	Bypass (tonnes)	105,752	34,876
	Plant feed (tonnes)	1,692,175	295,422
	Processed coal production (clean tonnes)	1,355,644	261,171
Sales	CST PLV Coking Coal sold (clean tonnes)	1,329,194	145,272
Stockpile	CST PLV Coking Coal at load out and port (clean tonnes)	132,531	115,899

4. MINERAL RESOURCES AND RESERVES

4.1 COMPETENT PERSON

The information in this report that relates to Coal Resources or Coal Reserves is based on information reviewed or compiled by Brian Klappstein, a Competent Person who is a Member of a "Recognized Professional Organization" (RPO) included in a list that is posted on the Australian Securities Exchange website from time to time (Alberta Professional Engineers and Geoscientists Association).

Brian Klappstein has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Brian Klappstein consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Brian Klappstein, is a full-time employee of CST Coal. Brian Klappstein holds no securities, directly or indirectly related to CST Coal.

PROJECT OVERVIEW

4.2 COAL RESERVES

4.2.1 Statement of Updated Coal Resources

Table 1 — Summary of Coal Resources, Measured, Indicated and Inferred, 31 March 2020

	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)	Raw Ash (% db)	Raw FSI
Surface Mining Area(2)						
No. 2 Area	61.4	23.2	6.3	90.9	26.6	5.0
No. 8 Area	33.4	7.4	0.7	41.5	23.0	4.9
No. 9 Area	38.2	70.6	27.5	136.3	21.9	5.0
No. 12 South B2 Area	2.6	1.0	0.5	4.1	14.4	3.1
No. 12 North Area	39.1	15.6	2.2	56.9	16.8	3.5
No. 16 Area	56.0	20.2	15.9	92.1	14.1	3.6
Total Surface Areas	**230.7**	**138.0**	**53.1**	**421.8**	**20.6**	**4.5**
Underground Area(4)						
No. 12 South B2 Area	2.7	5.2	—	7.9	13.9	3.0
No. 12 South A Area	25.3	39.5	3.3	68.1	14.9	3.0
No. 9 Area	108.2	33.6	20.1	161.9	21.7	5.0
Total Underground Area	**136.3**	**78.3**	**23.4**	**238.0**	**19.5**	**4.4**
Grand Total	**366.9**	**216.3**	**76.5**	**659.7**	**20.2**	**4.5**

Notes:

(1) Quality of all resources classified as Low Volatile Bituminous (ASTM).

(2) Surface mining resources are based on a 20:1 strip ratio cut-off and a 45-pit wall angle.

(3) No.12 South B2 surface resources are those remaining after the open pit reserves have been mined out.

(4) Underground resource estimated by CST Coal staff. Minimum depth of cover approximately 50m. Maximum underground extraction angle 30°; 20m buffer from faulting, 50m buffer from high walls.

(5) Coal resources are inclusive of the coal reserves.

(6) The updated resource estimates are effective 31 March 2020, and have been prepared and/or reviewed by Brian Klappstein, Professional Geologist, Alberta Association of Engineers and Geoscientists, and Competent Person.

(7) Rounding as required by reporting guidelines may result in apparent summation differences.

4.2.2 Surface Coal Reserves

No. 8 mine costs and productivity have been generated using a first principles model. All other surface reserve calculations are based on unit costs and productivity assigned based on historical data, converted into Canadian dollar ("CAD").

Pit designs are based on optimized cut-off strip ratio's that reflect the haul distance to the process plant, the geotechnical limitations of highwall and footwall design by resource areas. Capital area by area is calculated based on road development, tree clearing, cover soil stripping, powerline construction, water management infrastructure requirements unique to each surface mining resource area.

In general, loading unit productivity and hourly equipment costs are fixed with haul cycle times the most variable component is the floating component of surface mining. Haul cycle time estimates are done by pit by bench.

Overheads based on historically achieved annual basis costs.

4.2.3 Underground Coal Reserves

Underground reserve definition starts out with detailed mine layouts, the primary considerations for design being pillar size based on overburden depth in conjunction with coal seam thickness and maximum dip and cross-pitch along roadways.

The cost model for underground reserves is based on empirically derived unit costs and productivity for machine groups engaged in either road development or depillar operations. Roof support costs are based on designs which input roof strength estimates based on geotechnical analysis.

Overheads, including ventilation, costs are based on historically achieved costs on an annual basis.

4.2.4 ROM Basis

ROM reserve estimates are based on dilution and loss formulas generated from back analysis of previous surface and underground mining operation in-situ tonnages and ROM production streams. In-pit trench sampling, continuous ROM sampling and reconstruction of actual in-seam volumes mined in financial year 2020 are consistent with ROM modelling parameters used in 2019 Coal Resource and Coal Reserve Statement.

PROJECT OVERVIEW

4.2.5 Statement of Run-of-mine Coal Reserves

Table 2 — Summary of ROM Coal Reserves, 31 March 2020

	Coal Reserves			Coal Quality		
	Proven (Mt)	Probable (Mt)	Total (Mt)	ROM Ash (db)	ROM FSI	ROM VM (db)
Surface Mining Area[2]						
No. 2 Area	12.1	1.1	13.2	27.1	5.9	16.8
No. 8 Area	10.3	0.1	10.4	24.0	4.7	17.1
Total Surface Areas	**22.4**	**1.2**	**23.6**	**25.8**	**5.4**	**17.0**
Underground Area[4]						
No. 12 South B2 Area	2.3	1.1	3.5	22.1	3.5	15.3
No. 12 South A Area	4.8	9.9	14.7	22.3	3.8	14.9
Total Underground Area	**7.2**	**11.0**	**18.2**	**22.3**	**3.7**	**14.9**
Grand Total	**29.6**	**12.2**	**41.8**	**24.2**	**4.6**	**16.1**

Notes:

(1) The mineral tenure of the coal reserves is 100% held by CST Coal.

(2) Quality of all reserves classified as Low-Volatile Bituminous (ASTM).

(3) Average ROM coal quality for reserves is a weighted average of multiple seams and pits, and hence FSI average not necessarily equal to reporting increments for the FSI metric.

(4) Underground ROM estimates include mining recoveries ranging from 44% to 62%, which are inherent to multi-seam room-and-pillar operations.

(5) Both underground and surface mineable estimates include allowance for loss and dilution and are supported by empirical formulas derived from previous mining experience.

(6) The surface reserve estimates do not include thermal coal consistent with previous CST Coal property technical reports.

(7) The surface reserve estimates are effective 31 March 2020, and have been prepared or reviewed by Brian Klappstein, Professional Geologist, Alberta Association of Engineers and Geoscientists, and Competent Person.

(8) The underground reserve estimates are effective 31 March 2020, and have been reviewed by Brian Klappstein, Professional Geologist, Alberta Association of Engineers and Geoscientists, and Competent Person.

(9) Rounding as required by reporting guidelines may result in apparent summation differences.

4.2.6 Marketable Basis

Different grades metallurgical coal have historically been sold from the CST Coal property, including pulverized coal injection, but the great majority of sales have been a relatively low ash, low sulphur, high coke yield, relatively low coking pressure, low volatile hard coking coal.

The marketable reserve is based on cash flow analysis which assumes the selling price for the CST Coal product is between 9% and 15% below the benchmark price for premium sea-borne low-volatile hard coking coal sold in the Pacific Rim. The difference between the actual selling price realized in financial year 2020 for spot basis coal sales and the selling price in CAD used in the cash flow analysis presented in the 2017 coal resource and coal reserve statement was not judged materially affect the 2017 valuation.

The marketable reserve does not include the near surface coal which has been oxidized by groundwater flux, which is generally between 5 metres and 10 metres below the top of bedrock.

4.2.7 Statement of Updated Marketable Coal Reserves, 31 March 2020

Table 3 — Summary of Marketable Coal Reserves 31 March 2020

	Coal Reserves			Coal Quality		
	Proven (Mt)	Probable (Mt)	Total (Mt)	ROM Ash (db)	ROM FSI	ROM VM (db)
Surface Mining Area(2)						
No. 2 Area	8.2	0.7	9.0	8.5	8.6	19.3
No. 8 Area	7.2	0.1	7.3	8.5	7.0	18.7
Total Surface Areas	**15.4**	**0.8**	**16.3**	**8.5**	**7.9**	**19.0**
Underground Area(4)						
No. 12 South B2 Area	1.9	0.9	2.8	8.5	5.1	17.1
No. 12 South A Area	3.5	7.1	10.6	8.5	4.8	16.6
Total Underground Area	**5.4**	**8.0**	**13.4**	**8.5**	**4.9**	**16.7**
Grand Total	**20.8**	**8.8**	**29.7**	**8.5**	**6.5**	**18.0**

Notes:

(1) Quality of all reserves classified as Low-Volatile Bituminous (ASTM).

(2) Total coal will be marketed as hard coking coal.

(3) Reserves are 100% held by CST Coal.

(4) Marketable coal yield of 69% is based on the historic average plant yield from No. 7 and No. 12 South B2 mines.

PROJECT OVERVIEW

(5) Plant yield for the surface mineable coal varies in relation to the ROM ash content:

Plant Yield = (ROM Ash% - Plant Reject Ash%) / (Clean Coal Ash% - Plant Reject Ash%), where Plant Reject Ash = 55% to 63% depending on mine area and seam and Clean Coal Ash = 8.5%.

(6) Marketable (Clean) coal reserves are a subset of and not additive to Run-of-Mine reserves.

(7) The surface reserve estimates do not include thermal coal consistent with previous CST Coal property technical reports.

(8) The surface reserve estimates are effective 31 March 2020, and have been prepared or reviewed by Brian Klappstein, Professional Geologist, Alberta Association of Engineers and Geoscientists, and Competent Person.

(9) The underground reserve estimates are effective 31 March 2020, and have been prepared or reviewed by Brian Klappstein, Professional Geologist, Alberta Association of Engineers and Geoscientists, and Competent Person.

(10) Rounding as required by reporting guidelines may result in apparent summation differences.

For details on resources and reserves, a copy of the report "Coal Resource and Coal Reserve Statement for Fiscal Year Ending March 31, 2020" is posted on the website of the Company.

As disclosed in the announcement of CST dated 13 May 2020, due to the impact of the outbreak of COVID-19 pandemic (the "Outbreak") on CST Coal's operations, CST resolved to suspend the coal mining operations to ensure worker safety in accordance with applicable public health guidelines, and to prevent the Outbreak among the workforce at the mine and in the remote community, the mine was placed into care and maintenance status.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Chiu Tao, aged 64
was appointed as the Chairman and an executive director of CST Group Limited (the "Company") on 10 March 2009 and 7 November 2008, respectively. Mr. Chiu is also a director of certain subsidiaries of the Company.

Mr. Chiu is an experienced executive and merchant. He has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management.

Mr. Chiu was the chairman and acting chief executive officer and an executive director of G-Resources Group Limited ("G-Resources"), the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Hui Richard Rui (with former English name Xu Rui Hui), aged 52
was appointed as an executive director of the Company on 17 August 2004 and as General Manager of the Company on 11 October 2006. Mr. Hui is also a director of certain subsidiaries of the Company. He graduated from University of Technology, Sydney in Australia with a Bachelor's degree in Mechanical Engineering.

Mr. Hui has more than 10 years' experience in management positions with companies in Australia, Hong Kong and the People's Republic of China ("China"). He is a member of The Australasian Institute of Mining and Metallurgy.

Lee Ming Tung, aged 58
was appointed as an executive director of the Company on 28 September 2007. He is also the Chief Financial Officer and a director of certain subsidiaries of the Company. He holds a Bachelor of Science degree in Accounting from Brigham Young University in the U.S.A., a Master of Accountancy degree from Virginia Polytechnic Institute and State University in the U.S.A., a Master of Financial Engineering degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from The Hong Kong Polytechnic University.

Mr. Lee is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, a fellow member of The Taxation Institute of Hong Kong, a Certified Tax Adviser of Hong Kong, a Certified Management Accountant of Australia and a member of Institute of Public Accountant of Australia. He has over 20 years' experience in the field of accounting and finance.

Mr. Lee is currently an independent non-executive director of HangKan Group Limited, the shares of which are listed on the GEM board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS

Kwan Kam Hung, Jimmy, aged 58
was appointed as an executive director of the Company on 11 November 2002. Mr. Kwan is also a director of certain subsidiaries of the Company.

Mr. Kwan has over 15 years of experience in the fields of finance, accounting and corporate management.

Tsui Ching Hung, aged 67
was appointed as an executive director of the Company on 2 May 2007. Mr. Tsui is also a director of certain subsidiaries of the Company. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warwick in the United Kingdom, respectively.

Mr. Tsui has over 10 years of experience in senior management positions with several multinational corporations in Hong Kong.

Wah Wang Kei, Jackie, aged 53
was appointed as an executive director of the Company on 29 December 2016. He is also the in-house legal counsel and a director of certain subsidiaries of the Company. He graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Mr. Wah was a partner of a Hong Kong law firm until 1997. Mr. Wah is currently an independent non-executive director of Symphony Holdings Limited. He was an executive director of G-Resources. The shares of the above two companies are listed on the main board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Pan, aged 65
was appointed as an independent non-executive director of the Company on 28 September 2004.

Mr. Yu has over 20 years of experience in management positions of multinational trading companies in Hong Kong and China.

Ma Yin Fan, aged 56
was appointed as an independent non-executive director of the Company on 31 December 2012. She obtained a Bachelor's degree with honours in Accountancy at Middlesex University in the United Kingdom. She also holds a Master's degree in Business Administration and a Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively.

Ms. Ma is a Certified Public Accountant (Practising) in Hong Kong and has been working in auditing, accounting and taxation areas for more than 20 years. She is the principal of Messrs. Ma Yin Fan & Company CPAs. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, the Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Ma is currently an independent non-executive director of China Strategic Holdings Limited ("China Strategic") and Youth Champ Financial Group Holdings Limited (formerly known as "Grand Investment International Ltd."). The shares of the above two companies are listed on the main board of the Stock Exchange.

Leung Hoi Ying, aged 69
was appointed as an independent non-executive director of the Company on 29 January 2016. Mr. Leung graduated from the Guangdong Foreign Trade School in China.

Mr. Leung has over 30 years of experience in international trade and business development. He is currently an independent non-executive director of China Strategic, the shares of which are listed on the main board of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL RESULTS

The total revenue from continuing operations of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020 (the "Year") was approximately US$196.36 million. This was an increase of approximately 277% compared to last year. The majority of this increase in revenue is mainly attributable to the Group's coal mine in Canada, which was acquired in July 2018, resumed production in September 2018 and started contributing revenue to the Group from December 2018. Revenue from this coal mine for the Year was approximately US$168.31 million whereas the revenue from the coal mine for the previous year was approximately US$24.15 million. As Lady Annie Operations was disposed of in July 2019, the revenue from this discontinued operation was low for the Year. The operating revenue which Lady Annie Operations contributed to the Group for the Year was approximately US$4.92 million whereas the operating revenue of the previous year was approximately US$14.66 million.

Dividends from securities trades and interest income from financial assets, interest income from money lending and rental income represented approximately 11.69%, 1.14% and 1.46% respectively of total revenue from continuing operations for the Year. Compared with the previous year, there was an approximately US$38.35 million increase in gross profit, representing an increase of approximately 106.85%.

Revenue derived from property investments remains stable despite the social unrest and the COVID-19 pandemic that took place in Hong Kong during the second half of the Year. Compared with last year, revenue from property investment decreased slightly by approximately 4.76%. Rental income provided a steady cash flow to the Group over the Year. Dividends from securities trades and interest income on financial assets increased by approximately 49.27% year-on-year. The increase was mainly driven by interest income from investments in debt securities. However, financial markets fluctuated significantly during the Year as a result of ongoing trade disputes between United States and China, anti-government unrest in Hong Kong and the COVID-19 pandemic. The Group recorded a loss on fair value changes of financial assets at fair value through profit or loss of approximately US$148.81 million as compared to a loss on fair value changes of financial assets through profit or loss of approximately US$33.12 million in last year.

Of the approximately US$148.81 million loss on fair value changes of financial assets at fair value through profit or loss, the unrealised loss and realised loss were approximately US$123.54 million and approximately US$25.27 million respectively. The continuing anti-government unrest in Hong Kong, global economic and political instability, especially the uncertain development of the US-China trade dispute and the United States of America's unpredictable diplomatic and trade policy, as well as the COVID-19 pandemic will continue to shake investor confidence and dampen market expectations as conditions remain volatile in the near future.

As of 31 March 2020, there is no financial asset weighted with a value of 5% or more of the Group's total assets. Set out below are the financial assets weighted 5% or above of the net asset value of the Group as of 31 March 2020:

Stock Code	Name of Stock/ Note/Fund	Principal Business	Number of Share/Note/ Fund Held	% of Shareholding held by the Group 31.03.2020	Investment Cost USD'000	Market Value 31.03.2020 USD'000	% to the Group's Net Assets 31.03.2020	Realised Gain on change in fair value for the year ended 31.03.2020 USD'000	Unrealised Gain/(Loss) on change in fair value for the year ended 31.03.2020 USD'000
Equity securities listed in Hong Kong									
708	Evergrande Health Industry Group Limited	"Internet+" community health management, international hospitals, elderly care and rehabilitation, as well as the investment in high technology new energy vehicle manufacture	42,180,000	0.49%	61,304.59	30,607.54	8.09%	—	(31,905.38)*
Financial assets other than equity securities listed in Hong Kong									
	Nexus Asian Hybrid Credit Fund — Class Z Unrestricted — Series 1	Multi-strategy credit oriented hedge fund which seeks to capture attractive risk adjusted return through investing in credit or credit related opportunities within the Asia-Pacific region	37,064.5858		41,909.94	38,523.38	10.18%	—	(4,257.37)*
	9.5% China Evergrande Senior Note 2024	Property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the People's Republic of China (the "PRC")	50,000,000		50,000.00	35,562.50	9.40%	—	(14,187.50)*
	8.75% China Evergrande Senior Note 2025	Property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC	50,000,000		49,987.25	35,108.50	9.28%	—	(12,579.00)*
	Nexus Emerging Opportunities Fund ROM Segregated Portfolio — Class S	The Fund is a credit oriented hedge fund which seeks to capture attractive risk adjusted return through investing in credit or credit related opportunities within the Asia-Pacific region	28,327.5176		28,205.13	31,823.88	8.41%	—	3,618.75
	11% Scenery Journey Senior Note 2020	An indirectly wholly owned subsidiary of China Evergrande Group which principal businesses include properties (including development, investment, management, construction and other property related service), hotel and fast consuming industry in PRC	20,000,000		20,000.00	19,027.20	5.03%	—	(2,047.80)*
Total					**251,406.91**	**190,653.00**	**50.39%**	**—**	**(61,358.30)**

* Investment cost of these securities represented the initial acquisition costs for the respective costs of the respective securities. Some of the financial assets were acquired by the Group in prior years. Financial assets acquired in prior years were subject to fair value adjustments. Unrealised gain/(loss) on changes in fair value were recognised at the end of the respective years. Unrealised gain/(loss) on changes in fair value of these financial assets for the year ended 31 March 2020 excluded the amounts recognised in prior years.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to volatile conditions in the Hong Kong financial markets, the market value of the shares of Evergrande Health Industry Group Limited ("Evergrande Health") has decreased and incurred an unrealised loss for the Year. According to its 2019 annual report, Evergrande Health had a revenue of approximately RMB5.64 billion and a loss of approximately RMB4.95 billion for the year ended 31 December 2019. The loss was mainly due to the expansion of the business scale of the New Energy Vehicle Segment and a significant increase in research and development expenses, administrative expenses and interest expenses. According to its 2019 annual report, the first vehicle type "Hengchi 1" is expected to debut in 2020. The full range of products will gradually commence mass production from 2021. The construction of production bases in Guangdong and Shanghai will be completed in the second half of 2020, with production to be commenced in 2021. The first phase of planned production capacity for both production bases will be 200,000 vehicles. The Group is optimistic about the prospects of Evergrande Health in the medium to long term, subject to market conditions. The Group has no intention to realise this investment at present.

China Evergrande Group, the issuer of 9.5% senior notes 2024 and 8.75% senior notes 2025, is one of the largest property investment companies in mainland China. Its business includes property development, property investment and property management, new energy vehicle business, hotel operations, finance business, internet business and a health industry business in PRC. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The notes themselves are traded on the Singapore Exchange OTC market. The issuer does not have any record of default on any previously issued notes. The Group has received a total interest income of approximately US$9.13 million from the two senior notes for the Year and more than US$25 million total interest income received so far. The Group will hold the notes in order to generate stable income and to capture investment value from potential appreciation and will continue to hold these notes.

The fair value of the Nexus Asian Hybrid Credit Fund Series 1 of 31 March 2020 has decreased resulting in an unrealized loss of approximately US$4.26 million for the Year. The outbreak of COVID-19 and the unexpected plunge of oil prices in March 2020 caused a significant reset for financial assets worldwide. In turn, the performance of the Nexus Asian Hybrid Credit Fund Series 1 was affected. Nevertheless, this fund has good performance records previously. Moving forward, the Group is optimistic about the potential of this investment and believes it will create financial returns.

The Group subscribed the Nexus Emerging Opportunities Fund ROM Segregated Portfolio (the "Fund") on 18 March 2020. The Fund is an open-ended and a credit oriented hedge fund. It seeks to capture attractive risk adjusted returns through investing in credit or credit related opportunities within the Asia-Pacific region. The Fund is managed by Nexus Capital Management Limited and Nexus Investment Advisors Limited. The identity, background and experience of the investment managers and the principle terms of the Fund are referred to in the announcements of the Company dated 18 March 2020 and 7 April 2020. As of 31 March 2020, the fair value of the Fund has increased by approximately 12.83% compared to its investment cost. The Group believe that the Fund has potential for appreciation.

The 11% Scenery Journey senior note 2020 was issued by Scenery Journey Limited which is an indirectly wholly-owned subsidiary of China Evergrande Group. The note is traded on the Singapore Exchange OTC market. The market value of this note decreased as at 31 March 2020 resulting in an unrealized loss of approximately US$2.05 million. However, the unrealized loss is approximately US$0.97 million compared to the face value of the note. This amount is far less than the total interest income, which is approximately US$3.30 million, the Group has received so far. This note will be due in November this year, the Group will hold it to the due date for receiving the full amount of the note.

Interest income from the money lending business significantly decreased by approximately US$7.29 million compared to the previous year, representing a decrease of approximately 76.55%. The economy of Hong Kong is on a downward trend due to the anti-government unrest as well as the outbreak of COVID-19. The Group is more cautious and prudent toward its money lending business, affecting the overall performance of the business. The interest income from the money lending business was approximately US$9.53 million in the previous year.

The Canada coal mine has contributed to the significant revenue increases in the Group's mining business; however, it has also increased the costs and expenses of the Group as a whole. Along with the increase in revenue from selling coking coal, the distribution and selling expenses and the administrative expenses of the Group increased from approximately US$5.17 million and approximately US$40.29 million respectively in the previous year to approximately US$45.98 million and US$48.41 million respectively for the Year. Additionally, the Group assumed bank borrowings in the amount of approximately US$409.41 million as a result of acquiring the Canada coal mine (please refer to below section headed "Net Asset Value" for bank borrowings details). Thus, the finance cost of the Group has a big leap since last year. As the finance cost in respect of the US$409.41 million loan in last year only covered the period from July 2018 to March 2019, the total finance cost increased from approximately US$11.96 million for last year to approximately US$16.93 million for the Year representing approximately 41.53% increase. As the US$409.41 million loan is a loan in US dollar, the decrease of the exchange rate of Canadian dollar against US dollar during the Year caused an exchange loss of approximately US$34.29 million. The exchange loss for last year was approximately US$7.02 million.

Due to the impact of the outbreak of COVID-19 pandemic on the operation of the Canada coal mine, the Company has resolved to suspend its coal mining operations to ensure worker safety in accordance with applicable public health guidelines, and to prevent an outbreak of COVID-19 among the workforce at the mine and in the remote community, the mine was placed into care and maintenance status. Having discussed with the auditors of the Company subsequent to the suspension of the coal mining operation, an impairment loss for property, plant and equipment, and right-to-use assets in the amount of approximately US$93.85 million was made due to the impact of COVID-19 pandemic and projected revenue under current operating conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group disposed of the Australia Group which owns the Lady Annie Operations in Australia in July. The Group recorded a gain of approximately US$24.01 million from the disposal. As reported in previous financial reports and business update of the Company, having seen no improvement of the then market conditions and hoping to save relevant expenses, the Company has decided to cease its e-logistic platform business on 27 November 2019. Cessation of the e-logistic platform business would not have a material impact on the operation of the Group. A subsidiary which indirectly held an e-logistic company in mainland China was disposed of by the end of the Year, details of this disposal will be disclosed in the "Notes to the Consolidated Financial Statements" this annual report. Overall, the Group recorded an after tax loss of approximately US$295.10 million for the Year. After-tax loss in the previous year was approximately US$73.28 million.

NET ASSET VALUE

As of 31 March 2020, the Group held bank balances and cash totaling approximately US$61.88 million, excluding approximately US$22.22 million held in pledged bank deposits. The pledged deposits are intended to cover rehabilitation costs for operating the mining business in Canada (as mandated by the government of Alberta, Canada). The total value of the financial assets at fair value through profit and loss were approximately US$359.72 million.

During the Year, a bank granted one year HK$150.00 million and HK$500.00 million revolving loans with an interest rate of 1.00% over HIBOR/LIBOR and 0.90% over HIBOR/LIBOR respectively to a subsidiary of the Company. The Company provided a guarantee to the bank for the two facilities. For the HK$500.00 million facility, approximately HK$235.46 million which is equivalent to approximately US$30.19 million has been utilized during the Year which was secured by certain securities held by the Group with carrying amount of approximately HK$699.65 million which is equivalent to approximately US$89.70 million. Due to the unexpected impairment on property, plant and equipment and right-of-use assets of the Canada coal mine, the undertakings of gearing ratio and net assets value under the bank facility cannot be complied with. The Group is in the process of getting waiver from the bank. The HK$150.00 million facility was not utilized during the Year.

Since 2017, an indirect non-wholly owned subsidiary was granted a loan of GBP10.41 million secured by a Scottish property owned by such subsidiary with a fixed interest rate of 3.73% per annum for four years and by pledge of equity interest in the parent company of such subsidiary, for refinancing the Scottish property. As of 31 March 2020, the outstanding balance of this bank loan was approximately GBP8.16 million, equivalent to approximately US$10.06 million.

The Group through its subsidiary CST Canada Coal Limited ("CST Coal") acquired mining assets of Grande Cache Coal LP ("GCC") in Canada in 2018, and assumed bank borrowings from China Minsheng Banking Corp., Ltd. amounting to approximately US$409.41 million. The bank borrowings carry an interest rate of 1.20% over 3 months LIBOR and repayable in 5 years. The borrowings are non-recourse and secured by (i) a fixed and floating charge over all present and future assets and undertakings of CST Coal; (ii) charges over all shares in CST-Grande Cache Cayman Limited, which is an indirect beneficiary holding company of CST Coal; and (iii) corporate guarantees from each of the shareholders of each member of the CST Coal project group which includes four subsidiaries of the Company. The four subsidiaries are Gold Grace Limited which is the sole shareholder of CST Coal, Excel Fame Limited which is the sole shareholder of Gold Grace Limited, CST-Grande Cache Cayman Limited which is the sole shareholder of Excel Fame Limited and Sonicfield Global Limited which is a majority shareholder of CST-Grande Cache Cayman Limited. As of 31 March 2020, the outstanding balance of this bank loan was approximately US$408.41 million. As of 31 March 2020, the Group had certain equipment under financial lease in the amount of approximately US$14.81 million with an average lease term of three years. The interest rate under finance lease is fixed at respective contract dates at 7.00% per annum. Based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio was 123.61%. The net asset value of the Group amounted to approximately US$378.51 million.

HUMAN RESOURCES

As of 31 March 2020, the Group had 351 staff (including Company directors). Staff costs (excluding directors' emoluments) were approximately US$30 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong, and provided other staff benefits, such as medical benefits.

FOREIGN EXCHANGE RISK

The Group conducts most of its business in US dollars, Australian dollars, Chinese renminbi, Hong Kong dollars, British Pound Sterling and Canadian dollars. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar. Exposure to the Chinese renminbi is also minimal, as business conducted in Chinese renminbi represents a marginal proportion of the Group's total business in terms of revenue. Foreign currency exposure to the British Pound Sterling is very limited too as the rental income generated from the Scottish property will be used to repay the loan facility granted by a local Scottish bank to refinance the property in Scotland. The Group's primary source of foreign exchange risk is derived from the Australian dollar and Canadian dollar. However, as the Group's Australian mine was disposed during the Year, there is now no foreign exchange risk posed by the Australian dollar. With respect to Canadian coal mines, there is not any hedging policy for the Canadian dollar. Management will continue to monitor the Group's foreign exchange risk and will consider hedging its exchange rate exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

LADY ANNIE OPERATION

The Lady Annie Operations, in Mount Isa district of north-western Queensland, Australia is principally comprised of the Lady Annie mining area, the Mount Kelly mining area and the Mount Kelly processing plant and tenements.

As of 14 March 2019, a share sale agreement was signed to dispose of all the Group's interest in the Australia Group (including three Australia subsidiaries) (the "Disposal of Lady Annie") which owns the Lady Annie Operations. The Disposal of Lady Annie was approved by shareholders of the Company (the "Shareholders") in the extraordinary general meeting held on 17 June 2019 (the "2019 EGM") and completed on 19 July 2019. The Disposal of Lady Annie will enable the Group to realise cash thereby improving liquidity and the working capital condition of the Group.

A summary of the financial results for the Australian Group over the Year is detailed below:

	2019 April to July US$'000	April 2018 to March 2019 US$'000
Revenue	**4,924**	14,660
Cost of sales	**(4,857)**	(16,384)
Gross profit (loss)	**67**	(1,724)
Other income and other gains and losses	**4,610**	(8,587)
Administrative expenses	**(1,308)**	(6,468)
Write-off of exploration and evaluation assets	**—**	(166)
Profit (loss) before taxation	**3,369**	(16,945)

CST COAL MINE

The Company via its indirect non-wholly owned subsidiary CST Coal completed on 18 July 2018 (Alberta, Canada time) the acquisition of the mining assets of Grande Cache Coal LP. The Company has an 88% interest in CST Coal.

The mining assets of CST Coal are located in West Central Alberta, Canada approximately 400 kilometres west of the City of Edmonton, the capital of the Province of Alberta in Canada. The mine site is approximately 20 kilometres north of Grande Cache in the Municipal District of Greenview. It is accessed via Highway 40, a two-lane, paved provincial highway which connects Grande Cache to the major, east-west provincial Highway 16. It is also serviced by a branch line of the Canadian National Railway ("CN"), which connects to the main east-west line of CN, allowing access to the major coal export terminals in British Columbia.

In Alberta, coal tenure is held through coal leases granted by the province. Surface and underground mining rights are also granted by the province first through a mine permit, then by a mine license for each individual mining area. CST Coal currently has approximately 29,968 hectares under coal lease.

As at 31 March 2020, CST Coal had 48,262 tonnes of CST Premium Low Volatile coking coal in its stockpile at the load-out area, 21,667 tonnes in transit to the port and had a stockpile of 62,602 tonnes at the port.

During the Year, CST Coal did not have any exploration activities and did not incur any exploration expenditure as it dedicated its efforts to refurbishing the equipment and operating its No. 8 mine surface mine.

A summary of the financial results of CST Coal during the Year is detailed below:

	2020 **CAD'000**	2019 CAD'000
Revenue	**224,058**	32,286
Cost of sales	**(162,564)**	(21,609)
Gross profit	**61,494**	10,677
Other income and other gains and losses	**(42,856)**	(7,700)
Distribution and selling expenses	**(61,211)**	(6,907)
General and administrative expenses*	**(22,330)**	(16,482)
Impairment on property, plant and equipment and right-of-use assets	**(124,926)**	—
Finance costs*	**(20,730)**	(15,363)
Loss before taxation	**(210,559)**	(35,775)

* Inter-company financial charges and management fee were not included.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS

As of 14 March 2019, Top Gallery Investment Limited, an indirect wholly-owned subsidiary of the Company (the "Seller"), Kombi Mining Pty Ltd (the "Purchaser 1") and Bentley Resources Pte Ltd (the "Purchaser 2") (together the "Purchasers"), CST Minerals Australia Pty Ltd, an indirect wholly owned subsidiary of the Company (the "Target Company"), CST Minerals Exploration Pty Ltd and CST Minerals Lady Annie Pty Limited (both of the companies are wholly-owned subsidiaries of the Target Company, together with the Target Company referred to as the ("Target Group") had entered into a share sale agreement (the "Agreement"). According to the Agreement, (i) the Seller has agreed to sell and the Purchaser 1 has agreed to purchase 100 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company, at the amount of AUD1.00 (approximately HK$5.54); (ii) the Seller has agreed to sell and the Purchaser 2 has agreed to purchase the loan provided by the Seller to the Target Company in an aggregated principal and interest outstanding of approximately AUD262.55 million (approximately HK$1.45 billion) at the consideration of approximately AUD22.66 million (approximately HK$125.51 million), subject to adjustment; and (iii) each member of the Target Group has agreed to jointly and severally guarantee to the Seller regarding the Purchaser 2's prompt and complete observance and performance of certain obligations of the Purchaser 2 under the Agreement (collectively the "Disposal"). As the Disposal constitutes a major transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange, approval from Shareholders is required. Details of the Disposal were disclosed in the Company's announcements dated 14 March 2019, 30 April 2019 and 17 May 2019, as well as in the circular dated 24 May 2019.

The Disposal was approved by Shareholders in the 2019 EGM. The Disposal was completed on 19 July 2019. Details of the poll results of the 2019 EGM and the completion of the Disposal were disclosed in the Company's announcements dated 17 June 2019 and 19 July 2019 respectively.

On 15 October 2019, Ease Link Investments Limited, an indirect wholly-owned subsidiary of the Company, as purchaser, Falloncroft Limited, as vendor and South Shore Holdings Limited, a listed company whose shares are listed on the Stock Exchange (stock code: 577), as vendor's guarantor entered into an Acquisition Agreement in relation to the sale and purchase of 10% equity interests of and shareholder's loan due from Uni-Dragon Limited at cash considerations of HK$150 million (the "Transaction"). The long stop date of the Transaction has been extended from 14 April 2020 to 14 June 2020 and further extended to 13 July 2020. The Transaction is pending for completion. Details of the Transaction and the extension of the long stop dates were disclosed in the Company's announcements dated 15 October 2019, 24 October 2019, 6 April 2020 and 12 June 2020 respectively.

On 13 May 2020, the Company announced the suspension of the operations of CST Coal, the Group's mining business in Canada, due to the impact of outbreak of COVID-19 on the operation. The coal mine (the "Mine") near Grande Cache, Alberta, Canada was placed into care and maintenance status. Details of the suspension were disclosed in the Company's announcement dated 13 May 2020.

OUTLOOK

Looking ahead to the fiscal year 2021, global political and economic policies remain uncertain in general, and economic growth is expected to stay subdued. The outbreak of COVID-19 at the end of 2019 has sent shockwaves through global manufacturing, investment and consumption. At present, as the full impact of the pandemic on the world economy is unknown, the short term outlook of the Group's business remains highly unclear. Going forward, the Group will continue to maintain a prudent approach by focusing on its main businesses to increase their scale and return, thereby improving the financial performance of the Group. Meanwhile, the Group will proactively seek potential market opportunities to improve its business portfolio and diversify its resource allocation.

For the Group's mining business, due to the impact of the COVID-19 outbreak, the Group resolved to suspend the mining operations at the Mine in May 2020. The Mine was placed into care and maintenance status and the scheduled resumption of production and operations is yet to be determined due to the ongoing uncertainties related to the pandemic.

In terms of investment in financial instruments, the Group remains cautiously optimistic about the capital markets as world economic growth is expected to slow down and we anticipate that the local government will continue to utilize loose monetary policy. The Group will strive to expand asset allocation capabilities by adjusting its portfolio management strategy and diversifying its investment portfolio, as well as allocating part of its resources to investment products which can generate stable income.

In terms of property investment, the Group's property investments in Scotland, Hong Kong and Mainland China are expected to continue to generate stable rental income for the Group and all have the potential to appreciate in value. Amid the COVID-19 pandemic, the Group will pay close attention to the development of the property investment market, make appropriate strategy adjustment from time to time and seek desirable property projects to strengthen its property asset portfolio when the opportunities arise.

In terms of the money lending business, due to the downturn in the local economy and uncertainty of the local business environment, the Group will grow its money lending business with a more cautious and prudent strategy. The Group will maintain a balance between business growth and risk management.

Moreover, the Group will further explore business opportunities to facilitate long-term development and continue to create value for shareholders.

DIRECTORS' REPORT

The board of directors (the "Board") has pleasure in presenting its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2020 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group currently consists of (i) exploration, development and mining of mineral resources, (ii) investment in financial instruments; (iii) property investment; and (iv) money lending. The particulars of the Company's principal subsidiaries are set out in note 46 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2020 is set out on pages 14 to 23.

RESULTS AND DIVIDEND

Results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 51 to 52 of this annual report.

The Board does not recommend the payment of a dividend during the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

RESERVES

Details of movements during the Year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 55 of this annual report.

SHARE CAPITAL

Details of the share capital of the Company set out in note 33 to the consolidated financial statements.

DIRECTORS

The directors of the Company (the "Director(s)") during the Year and up to the date of this annual report are:

Executive Directors:	Independent Non-executive Directors:
Mr. Chiu Tao *(Chairman)*	Mr. Yu Pan
Mr. Hui Richard Rui *(General Manager)*	Ms. Ma Yin Fan
Mr. Lee Ming Tung *(Chief Financial Officer)*	Mr. Leung Hoi Ying
Mr. Kwan Kam Hung, Jimmy	
Mr. Yeung Kwok Yu (resigned on 25 June 2019)	
Mr. Tsui Ching Hung	
Mr. Wah Wang Kei, Jackie	

In accordance with Article 99 of the Articles of Association, Mr. Hui Richard Rui, Mr. Wah Wang Kei, Jackie and Mr. Yu Pan will retire at the forthcoming annual general meeting (the "AGM") and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

During the Year up to the date of this annual report, none of the Directors being proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2020, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were disclosed as follows:

LONG POSITIONS IN SHARES/UNDERLYING SHARES OF THE COMPANY

	Number of *shares/underlying shares			
Name of Director	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company
Chiu Tao	3,900,000,000	—	3,900,000,000	10.08%

Note:

* Ordinary shares unless otherwise specified

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2020, none of the Directors or the chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVES

As at 31 March 2020, so far as known to the Directors or the chief executives of the Company, the following persons are the shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Shareholder	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital
Wong Howard	Beneficial owner	5,186,920,000	13.40%
Cheung Chung Kiu	Beneficial owner	1,950,840,000	5.04%
Lo Ki Yan Karen ("Ms. Lo")	Beneficial owner/Interest of a controlled corporation	2,036,793,817 (Notes)	5.26%

Notes:

These securities represent relevant interests in respect of:

(a) 1,861,771,961 shares held by Ms. Lo as the beneficial owner; and

(b) 175,021,856 shares held by Bookman Properties Limited, directly wholly-owned by Ferrex Holdings Limited, which is directly wholly-owned by Yugang BVI. Yugang BVI is directly wholly-owned by Yugang International Limited. Yugang International Limited is directly owned by Future Capital Group Limited as to 44.06% of the entire issued share capital. Future Capital Group Limited is directly and solely owned by Ms. Lo.

As such, Ms. Lo. is deemed to be interested in the shares held by Bookman Properties Limited.

Save as disclosed above, as at 31 March 2020, the Company has not been notified by any person (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the Directors under the Articles of Association of the Company is currently in force and was in force throughout the Year. The Company has also purchased and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year up to the date of this annual report, none of the Directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as of the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the five largest customers accounted for approximately 72% of the Group's turnover, and the largest customer included therein amounted to approximately 26%. Purchases from the five largest suppliers accounted for approximately 52% of the total purchase for the Year, and purchase from the largest supplier included therein amounted to approximately 23%.

At no time during the Year, none of the Directors, their associates or the shareholders of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the major customers and suppliers.

EMOLUMENT POLICY

The remuneration policy of the employees of the Group is based on their merit, qualifications and competence.

The emoluments of the Directors are decided by the Board, having regard to the Company's operating results, the prevailing market condition and individual performance.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

PRINCIPAL RISK FACTORS

MARKET MINERAL PRICE AND DEMAND

Fluctuation of market met coal price will affect the performance of coal mining business which will then affect the cashflow as well as the revenue of the Group. Market demand is one of the significant factors that has influence on the market met coal price. Change of the global economic situation, change of development of corelated industries such as steel industry, disasters caused by the mother nature or human being, and change of economic and political policies of met coal importing countries can move the met coal price from high to low or vice versa. Thus, change in market demand will also affect the sales of coal mining business, overall cashflow and performance of the Group.

CREDIT RISK

The Group uses an internal credit assessment process to assess the degree of credibility of potential borrower and define credit limits to be granted to borrowers. The Group may suffer loss on loans receivable if repayment of principal and/or interest is not paid on due date and the realizable value of collaterals is less than the principal of the loans receivable and/or interest receivable.

FINANCIAL MARKET RISK

The movement of financial market may cause a fall in the value of principal financial investments. In view of the increasing instability of the global financial markets, this may impact the fair value of financial investments and add unpredictability to the Group's overall financial performance.

EXCHANGE RISK

The financial results of the Group are presented in United States dollars ("USD"), but the Company and its various subsidiaries may receive revenue, incur expenses and make investments in other currencies. Any currency fluctuations on translation of the accounts of the Company and those subsidiaries and also the repatriation of earnings and equity investments may have impact on the Group's business. The appreciation and depreciation in USD against other foreign currencies may materially affect the Group's business, financial condition, and results of operation.

ENVIRONMENTAL POLICIES

The Group encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Group implements green office practices by encouraging employees to make use of scanning copies, double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("ESG") Report within three months after the publication of this annual report in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules.

COMPLIANCE WITH REGULATIONS

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Listing Rules, and other applicable local laws and regulations in various jurisdictions during the year ended 31 March 2020 and up to the date of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2020 there were no material and significant disputes between the Group and its employees, customers and suppliers.

CORPORATE GOVERNANCE

The information set out in pages 31 to 44 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

AUDITOR

The financial statements have been audited by Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chiu Tao
Chairman
Hong Kong, 29 June 2020

CORPORATE GOVERNANCE PRACTICES

The Company recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve sound standards of corporate governance, and has during the year ended 31 March 2020 (the "Year") complied with the code provisions of the Corporate Governance Code (the "Code") and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Any deviation from the Code will be explained in this report.

BOARD OF DIRECTORS

As at the date of this annual report, The board of directors (the "Board") of the Company comprises 6 executive directors and 3 independent non-executive directors (the "INEDs") (collectively the "Directors") as follows:

Executive Directors:
Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Kwan Kam Hung, Jimmy
Mr. Tsui Ching Hung
Mr. Wah Wang Kei, Jackie

Independent Non-executive Directors:
Mr. Yu Pan
Ms. Ma Yin Fan
Mr. Leung Hoi Ying

The Directors are considered to possess a balance of skill and experience appropriate for the requirements of the business of the Company; details related to the Directors are shown on pages 11 to 13 in the section of "Biographical Details of Directors".

Save as disclosed in the headings of the "Directors' Report" and the "Biographical Details of Directors" of this annual report, none of the Directors had any financial, business, family or other material/relevant relationship with any other Director.

Each of our INEDs has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considers all of the INEDs to be independent.

CORPORATE GOVERNANCE REPORT

The Board is responsible for the overall operations of the Company. It provides leadership and oversees the Group's strategic decisions, business development and performance, as well as its business affairs. Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders (the "Shareholders").

There are four major committees under the Board, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the investment and management committee (the "IMC"). The responsibilities and the composition of these committees are described below. Matters which the Board considers suitable for delegation are contained in the terms of reference of the committees. The committees' terms of reference may be amended from time to time as necessary, subject to the approval by the Board.

The Board met regularly throughout the Year to discuss overall strategy as well as the operation and financial performance of the Group. The Directors are kept informed on a timely basis of major changes that may affect the Group's business, including relevant rules and regulations. The Directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The Company has renewed its directors and officers liability insurance purchased for Directors together with senior management, in compliance with the Code Provision A.1.8. Under the Code, the Company should arrange appropriate insurance cover in respect of potential legal actions against its Directors.

BOARD COMMITTEES

AUDIT COMMITTEE

As at the date of this annual report, the Audit Committee composed 3 INEDs, namely:

Audit Committee Members
Ms. Ma Yin Fan *(Chairlady)*
Mr. Yu Pan
Mr. Leung Hoi Ying

Ms. Ma Yin Fan possess an appropriate professional accounting qualification, while Mr. Yu Pan and Mr. Leung Hoi Ying possesses extensive management experience in the commercial sector. The terms of reference of the Audit Committee have been reviewed and revised with reference to the Code of which, among other things, include reviewing the financial statements of the Company. Any findings together with recommendations of the Audit Committee are submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

The Audit Committee held two meetings during the Year and reviewed reports from external auditors regarding their audit on annual financial statements and review on interim financial results.

REMUNERATION COMMITTEE

As at the date of this annual report, the Remuneration Committee comprised 2 INEDs, namely:

Remuneration Committee Members
Mr. Yu Pan *(Chairman)*
Ms. Ma Yin Fan

The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommendations to the Board on the annual remuneration policy, and determination of the remuneration of the executive Directors and members of senior management. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team, which is essential to the success of the Group.

During the Year, the Remuneration Committee held a meeting to discuss remuneration matters of the Directors.

NOMINATION COMMITTEE

As at the date of this annual report, the Nomination Committee comprised the Chairman of the Company and 2 INEDs, namely:

Nomination Committee Members
Mr. Chiu Tao *(Chairman)*
Mr. Yu Pan
Ms. Ma Yin Fan

The Nomination Committee is responsible for identifying suitable qualified individuals to the Board and making recommendations for the Board's consideration.

NOMINATION POLICY

The Company has a formal, considered and transparent procedure and process for the nomination and appointment of Directors. The Board has delegated its authority and duties for matters relating to selection and appointment of Directors to the Nomination Committee.

SELECTION CRITERIA

The summary of criteria listed below would be used as reference by the Nomination Committee in assessing the suitability of a candidate:

i. Reputation for integrity;

ii. Professional qualification, skills, knowledge and experience;

iii. Commitment in respect of available time and relevant interest;

iv. Level of independence;

v. Diversity in all its aspects, including but not limited to gender, age, cultural background, ethnicity, skills, knowledge and length of service;

vi. Independent non-executive director candidates must satisfy the independence requirements under the Rules Governing the Listing Rules; and

vii. Other factors which the Nomination Committee may considers appropriate.

NOMINATION PROCEDURES AND PROCESS

The summary of nomination process and procedure listed below would be followed when proposing a candidate for nomination or a Director for re-election.

1. Appointment of New Directors

i. The Nomination Committee shall, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate and assess such candidate based on the selection criteria as set out above to considers appropriate.

ii. In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such candidate and make recommendations for the Board's consideration and approval.

iii. In accordance with the Company's article of association, candidate appointed as a Director to fill a casual vacancy will be subject to re-election by the Shareholders at the first general meeting after his appointment; and candidate appointed as an additional Director will be subject to re-election by the Shareholders at the next following annual general meeting of the Company.

iv. The Shareholders approve the election of candidate, who stands for election at general meeting, as a Director.

2. *Re-election of Directors*

i. The Nomination Committee also reviews and determines whether the retiring Director continues to meet the selection criteria set out above.

ii. The Nomination Committee shall recommend to the Board which shall then make recommendation to Shareholders in respect of the proposed re-election of Director at the annual general meeting.

iii. The Nomination Committee reviews the overall contribution to the Company of the retiring Director.

3. *Nomination by Shareholders*

i. Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the selection criteria set out above and to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee shall recommend to the Board which shall then make recommendation to the Shareholders in respect of the proposed election of the Director at a general meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") and delegated the Nomination Committee to review and assess the Board composition and its effectiveness on an annual basis, and to review and monitor the implementation of the Board Diversity Policy.

The Board Diversity Policy is set out below:

1. *Vision*

The Company sees diversity at Board level as an important element in maintaining a high standard of corporate governance. The Company is committed to a diverse Board, so Directors from diverse backgrounds could present the Company effectively to various constituencies, and to bring different and inspiring perspectives into the boardroom.

2. *Policy Statement*

(i) The Company aspires to maintain an appropriate range and a balance of skills, experience and background on the Board. In determining the optimum composition of the Board, differences in the skills, regional and industry experience, background, ethnicity, gender and other qualities of Directors shall be considered. All Board appointments are made on merits, in the context of the skills and experience the Board as a whole requires to be effective, with due regard for the benefits of diversity on the Board.

(ii) The Nomination Committee will review and assess Board composition and its effectiveness on an annual basis. When there is vacancy on the Board, the Nomination Committee will recommend suitable candidate(s) for appointment to the Board on merits, based on the Terms of Reference of the Nomination Committee, with due regard to the Company's own circumstances.

3. *Measurable Objectives*

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age and length of service) will be disclosed in the corporate governance report annually.

4. *Monitoring and Reporting*

(i) The Nomination Committee will report annually in the corporate governance report in the annual report, on the composition of the Board (including gender, age and length of service, education background, working experience), and monitor the implementation of the Board Diversity Policy.

(ii) The Nomination Committee will monitor the implementation of Board Diversity Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to Board Diversity Policy when making recommendation on any Board appointments.

5. *Review of the Board Diversity Policy*

The Nomination Committee will review the Board Diversity Policy (and its results) annually to ensure the Board Diversity Policy remains relevant and useful over time.

The Nomination Committee has reviewed the existing board structure which is complies with the Board Diversity Policy.

INVESTMENT AND MANAGEMENT COMMITTEE

The Board has delegated management of daily operations and investment matters of the Group to the IMC. The IMC comprises 3 members of the Board, namely:

IMC Members
Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui
Mr. Lee Ming Tung

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining policy related to corporate governance for the Group and performing the corporate governance duties as below:

- To develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors; and
- To review the Group's compliance with the Code and disclosure requirements in the Corporate Governance Report.

ATTENDANCES OF MEETINGS

The attendance record of each Director at the respective meetings during the year ended 31 March 2020 is set out below:

	Meeting(s) Attended/Held				
Name of Director	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting (Note)
Executive Directors:					
Mr. Chiu Tao	4/4	—	—	1/1	0/2
Mr. Hui Richard Rui	4/4	—	—	—	2/2
Mr. Lee Ming Tung	4/4	—	—	—	2/2
Mr. Kwan Kam Hung, Jimmy	4/4	—	—	—	2/2
Mr. Yeung Kwok Yu (resigned on 25 June 2019)	0/0	—	—	—	0/0
Mr. Tsui Ching Hung	4/4	—	—	—	2/2
Mr. Wah Wang Kei, Jackie	4/4	—	—	—	2/2
Independent Non-executive Directors:					
Mr. Yu Pan	4/4	2/2	1/1	1/1	2/2
Ms. Ma Yin Fan	4/4	2/2	1/1	1/1	2/2
Mr. Leung Hoi Ying	3/4	1/2	—	—	2/2

Note:

The Company held two shareholders' general meetings during the Year, the extraordinary general meeting held on 17 June 2019 and the annual general meeting for 2019 held on 27 September 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Year, the Company has complied with code provisions of the Code contained in Appendix 14 of the Rules Governing the Listing Rules except for the following deviations:

(i) under code provision A.2.1 of the Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company did not name any officer with the title of "Chief Executive Officer". Mr. Hui Richard Rui is the general manager of the Group (the "General Manager") and assumed the duty of "Chief Executive Officer" who is responsible for managing and smoothing the business operations of the Group while Mr. Chiu Tao, the Chairman remains to be responsible for leading the Board in the overall strategic development of the Group. The Board believes that there is an effective and sufficient segregation of duties between the Chairman and the General Manager.

(ii) according to code provision E.1.2 of the Code, Mr. Chiu Tao, the Chairman of the Board, should have attended the annual general meeting of the Company held on 27 September 2019 ("2019 AGM"). However, Mr. Chiu Tao was unable to attend the 2019 AGM due to another business commitment. Mr. Hui Richard Rui, executive director and General Manager of the Company, who took the chair of the 2019 AGM, together with other members of the Board who attended the 2019 AGM were of sufficient calibre and knowledge for answering questions at the 2019 AGM.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. In response to specific enquiry, all the directors of the Company confirmed that they have complied with the required standards as set out in the Model Code throughout the Year.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All INEDs have signed the letters of appointment with the Company for a term of two years but they continue to be subject to retirement and re-election as governed by the Articles of Association of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Participated in continuous professional development (Note)
Executive Directors:	
Mr. Chiu Tao	√
Mr. Hui Richard Rui	√
Mr. Lee Ming Tung	√
Mr. Kwan Kam Hung, Jimmy	√
Mr. Tsui Ching Hung	√
Mr. Wah Wang Kei, Jackie	√
Independent Non-executive Directors:	
Mr. Yu Pan	√
Ms. Ma Yin Fan	√
Mr. Leung Hoi Ying	√

Note: Attended expert briefings/seminars/conferences relevant to the business or directors' duties or read regulatory update.

COMPANY SECRETARY

Mr. Chow Kim Hang ("Mr. Chow"), has been appointed as the Company Secretary of the Company since 2006. Mr. Chow is a Partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of The Law Society of Hong Kong. His primary contact person at the Company is Mr. Lee Ming Tung, the Executive Director.

During the Year, Mr. Chow has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

AUDITOR'S REMUNERATION AND PROFESSIONAL SERVICE FEES

For the Year, the Group engaged Deloitte Touche Tohmatsu, external auditor of the Company, to perform audit service.

During the Year, the fees for non-audit services in relation to taxation services and other professional and advisory services provided by the external auditors were approximately US$0.25 million. The fees for audit related services provided by the external auditors were approximately US$0.62 million.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Group, and ensuring that appropriate accounting policies are selected and applied consistently and that financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standard. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing financial statements.

The statement of the external auditor of the Company with regard to their reporting responsibilities on the Company's financial statements for the Year is set out in the "Independent Auditor's Report" of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining a sound and effective internal control and risk management systems and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. Such systems are in place and designed to manage rather than eliminate the risks of failure to achieve business objectives and provide reasonable assurance against the risk of material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information in accordance with relevant accounting standards and regulatory reporting requirements, and ensuring compliance with the relevant laws and regulations.

The Group, during the Year has engaged a professional firm as an independent advisor to timely perform internal control review and risk management assessment to aid the Group in ensuring the internal controls and risk management systems are functioning adequately.

PROCESS AND MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The goal of the Group is to identify and manage the risks which are inherent in the Group's business and its operating markets so that the risks can be reduced, mitigated, transferred or avoided.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.

The Board oversees the Group's overall risk management and internal control process through the Audit Committee which forms an important part of the corporate governance regime of the Group. The Audit Committee assists the Board in monitoring the risk exposures, the design and operating effectiveness of the relevant risk management and internal control systems. The Audit Committee oversees the following procedures for and on behalf of the Board:

(i) Periodic assessment of key operational risks and control measures aimed at mitigating, reducing, transferring or avoiding such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process;

(ii) Regularly review the business processes and operational reports, including the action plan to address the identified weaknesses in control, and the latest status and monitor results in the implementation of the recommendations; and

(iii) The external auditors and external independent advisor regularly report on the control issues identified in the course of their work and meet with the Audit Committee to discuss the scope and results of the review.

The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Board considers the works and findings and recommendations of the Audit Committee in forming its own view on the effectiveness of such systems and makes proper responses.

The management of the Group, including heads of departments and business units, is responsible for the following procedures:

(i) Designs, implements and monitors the systems and ensures the systems are executed effectively;

(ii) Identifies, evaluates and manages the risk that may potentially impact the major processes of the operations and achievement of business objectives, plan or targets;

(iii) Provides confirmation to the Board on the effectiveness of the systems;

(iv) Identifies risks and takes measures to mitigate risks in day-to-day operations; and

(v) Gives prompt responses and conducts follow-up actions on risk management and internal control matters.

CORPORATE GOVERNANCE REPORT

The Group does not maintain its own internal audit team due to cost saving reason. However, the independent advisor engaged by the Group would assist the Audit Committee to review the effectiveness of the Group's risk management and internal control systems. The external auditor of the Group would also assess the adequacy and effectiveness of certain key risk management and internal controls of the Group as part of their statutory audit process. The Group would review the need for an internal audit function on an annual basis.

The Group's risk management and integrated internal control framework are closely intertwined, and major control measures are tested to assess performance. A "top-down" approach is complemented by the "bottom-up" aspects, which require the head of the operating unit to participate in the identification of operational risks to determine the Group's major risks.

REVIEW OF EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has overseen the Group's risk management and internal control systems on an ongoing basis to ensure that a review of the effectiveness of the Group's risk management and internal control systems and ability respond to changes in business and external environment has been conducted at least once a year.

The Directors acknowledge their responsibility for reviewing the effectiveness of the Group's internal control and risk management systems. The Board has reviewed through the work of its Audit Committee and the internal control review report and the findings performed by independent advisor and was satisfied to the effectiveness of the Group's internal control and risk management systems for the year ended 31 March 2020.

INSIDE INFORMATION

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members in the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Group also has reasonable measures and procedures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements. Other procedures including sending blackout period and securities dealing restrictions notification to the relevant Directors and employees timely, disseminating information to specified persons on a need-to-know basis have also been implemented by the Group against possible mishandling of inside information within the Group.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS

The Board recognises the importance of effective communications with all shareholders. The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with Shareholders. During the Year, the members of the Audit Committee, Remuneration Committee and Nomination Committee together with the external auditors also attended the AGM to answer Shareholders' questions.

Pursuant to the Articles of Association of the Company, an extraordinary general meeting shall also be convened on the written requisition of any two or more members holding at the date of the deposit of the requisition in aggregate not less than 10% of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited to our office at Rooms 4501–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. If the Directors do not within 21 days from the date of the deposit of such requisition proceed duly to convene an extraordinary general meeting, the requisitionists themselves may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene such a meeting shall be reimbursed to them by the Company.

Shareholders shall make a written requisition to the Board by mail to Rooms 4501–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, specifying their shareholding information, their contact details and the proposals they intend to put forward at the general meetings regarding any specified transaction/business, together with supporting documents.

Shareholders may send enquiries and concerns to the Board by mail to Rooms 4501–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or by email at info@cstgrouphk.com. Such communications relating to matters within the Board's direct responsibilities shall be forwarded to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints shall be forwarded to the relevant senior management of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The Company intends to create long term value for the Shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements and capturing future growth opportunities. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Company's financial results, the general financial condition of the Company, the Company's current and future operations, the level of the Company's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Company and any other factors that the Board deem appropriate. Any dividend declared by the Company shall be conducted in accordance with the Cayman Islands Companies Law, the Memorandum and Articles of the Company and other applicable laws and regulations, and shall not affect the normal operation of the Company and its subsidiaries.

The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

INVESTOR RELATIONS

During the year under review, an amended and restated memorandum and articles of association of the Company ("Articles of Association") was adopted by special resolution passed at the 2019 AGM. The amendment made to the respective provisions were set out in details in the appendix to the Shareholders' circular issued by the Company on 28 August 2019. An up-to-date consolidated version of the Articles of Association of the Company has been posted on the websites of the Company and the Stock Exchange respectively.

Deloitte. 德勤

TO THE SHAREHOLDERS OF CST GROUP LIMITED
中譽集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CST Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 51 to 149, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of investment in investment funds and unlisted equity shares classified as financial assets at fair value through profit or loss and categorised as level 3 under the fair value hierarchy	
We identified the measurement of fair value of investment in investment funds and unlisted equity shares classified as financial assets at fair value through profit or loss and categorised as Level 3 under the fair value hierarchy ("FV Level 3") as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, and due to the significant judgements and estimates made by management for the fair value measurement of the financial assets at fair value through profit or loss. As at 31 March 2020, the investment funds and unlisted equity shares classified as financial assets at fair value through profit or loss and categorised as FV Level 3 was US$142,665,000 and US$11,133,000, respectively as set out in note 20 to the consolidated financial statements. The details of the valuation technique and unobservable inputs of FV Level 3 investment funds are set out in notes 4, 20 and 37 to the consolidated financial statements.	Our procedures in relation to fair value of investment in investment funds and unlisted equity shares classified as financial assets at fair value through profit or loss and categorised as FV Level 3 included: • Obtaining and understanding of the entity's process regarding the determination of fair value of the investment funds and unlisted equity shares classified as financial assets at fair value through profit or loss and categorised as FV Level 3; • Assessing the qualification and experience of the independent valuer performing the valuation; • Agreeing the investments held by the Group to the confirmations received independently from the issuers; • Evaluating the appropriateness of the methodologies, judgements and estimates used in determining the fair value of the investments, with the assistance of our internal valuation specialist; and • Reviewing the financial statement disclosures made in the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on coal mine related non-current assets	
We identified assets impairment assessment on coal mine related non-current assets as a key audit matter due to the significance of these balances to the consolidated financial statements as a whole, combined with the significant judgements and estimates made by management involved in the determination of the recoverable amount. The impairment assessment involves management's estimations in certain areas including the discount rate and the underlying cash flows projection based on the future selling prices, production costs and production capacity. Any changes in management's estimations may result in significant financial impact to the Group. As disclosed in notes 4, 14 and 15 to the consolidated financial statements, the management assessed that the recoverable amount of the cash-generating unit was lower than their carrying value, impairment loss on property, plant and equipment and right-of-use assets of approximately US$90,811,000 and US$3,034,000 were recognised for the year ended 31 March 2020, respectively. The recoverable amounts of the cash-generating unit was determined by value in use method.	Our procedures in relation to impairment assessment on coal mine related non-current assets included: • Understanding the Group's impairment assessment process, including the appropriateness of the value-in-use model adopted for the impairment assessment; • Assessing the reasonableness of key assumptions such as revenue growth rates by comparing to sales contracts, available market reports and historical trend analysis; • Involving our valuation expert to evaluate the appropriateness of the impairment model and the assumptions and estimates used to calculate the recoverable amount; • Reconciling input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data; • Evaluating management's sensitivity analysis of key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired, where applicable; • Evaluating if the management's estimation of future production level is consistent with the resource and reserve report prepared by the independent external competent persons; and • Assessing the appropriateness of the estimation of future coal price by reference to historical information and market data.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	2020 US$'000	2019 US$'000 (restated)
Continuing operations			
Revenue	5		
Sales		168,313	24,151
Interest income		19,324	19,562
Dividend income		5,860	5,338
Rental income		2,860	3,003
		196,357	52,054
Cost of sales		(122,119)	(16,164)
Gross profit		74,238	35,890
Other income and other gains and losses	6	(31,890)	(5,627)
Distribution and selling expenses		(45,982)	(5,166)
Administrative expenses		(48,410)	(40,288)
Loss on fair value changes of financial assets at fair value through profit or loss	20	(148,812)	(33,118)
Loss on fair value changes of investment properties	17	(2,010)	(230)
Loss on deemed disposal of interest in an associate	18	(1,334)	—
(Impairment loss on) reversal of impairment loss on financial assets under expected credit losses model, net		(122)	3,497
Impairment loss on property, plant and equipment and right-of-use assets	14 & 15	(93,845)	—
Gain on disposal of a subsidiary	39	—	1,026
Share of result of a joint venture	19	(768)	(130)
Share of result of an associate	18	207	318
Finance costs	8	(16,929)	(11,961)
Loss before taxation	9	(315,657)	(55,789)
Taxation	10	(943)	(236)
Loss for the year from continuing operations		(316,600)	(56,025)
Discontinued operations			
Profit (loss) for the year from discontinued operations	11	21,504	(17,259)
Loss for the year		(295,096)	(73,284)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	2020 US$'000	2019 US$'000 (restated)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		7,391	9,269
Release of exchange reserve upon disposal of subsidiaries		(6,377)	—
Other comprehensive income for the year		1,014	9,269
Total comprehensive expense for the year		(294,082)	(64,015)
(Loss) profit for the year attributable to owners of the Company			
Continuing operations		(297,197)	(52,439)
Discontinued operations		21,504	(17,259)
		(275,693)	(69,698)
Loss for the year attributable to non-controlling interests			
Continuing operations		(19,403)	(3,578)
Discontinued operations		—	(8)
		(19,403)	(3,586)
		(295,096)	(73,284)
Total comprehensive expense attributable to:			
Owners of the Company		(274,255)	(59,908)
Non-controlling interests		(19,827)	(4,107)
		(294,082)	(64,015)
LOSS PER SHARE			
From continuing and discontinued operations			
Basic (US cents)	13	(0.71)	(0.18)
From continuing operations			
Basic (US cents)	13	(0.77)	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	2020 US$'000	2019 US$'000 (restated)
Non-current assets			
Property, plant and equipment	14	320,007	480,744
Right-of-use assets	15	14,736	—
Exploration and evaluation assets	16	31,719	33,675
Investment properties	17	48,599	52,402
Goodwill	11	—	—
Interests in an associate	18	—	7,024
Interests in a joint venture	19	4,154	4,922
Financial assets at fair value through profit or loss	20	70,516	61,721
Club membership		2,437	2,437
Pledged bank deposits	24	22,216	54,581
Deposit for acquisition of property, plant and equipment		1,046	—
		515,430	697,506
Current assets			
Inventories	21	21,889	24,488
Trade and other receivables	22	23,977	9,751
Loan receivables	23	36,052	28,274
Amount due from a joint venture	19	4,042	4,042
Financial assets at fair value through profit or loss	20	289,203	355,084
Derivative financial instruments		72	29
Bank balances and cash	24	61,877	124,159
		437,112	545,827
Current liabilities			
Trade and other payables and accruals	25	15,263	18,493
Provision for an onerous contract	30	—	1,368
Tax payable		1,608	5,994
Bank borrowings — amount due within one year	26	31,470	1,283
Lease liabilities	27	1,827	—
Guarantee liability	31	40,100	40,100
		90,268	67,238
Net current assets		346,844	478,589
Total assets less current liabilities		862,274	1,176,095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	2020 US$'000	2019 US$'000 (restated)
Non-current liabilities			
Bank borrowings — amount due after one year	26	442,585	430,952
Deferred tax liabilities	32	675	—
Lease liabilities	27	17,376	—
Obligations under finance lease	28	—	14,806
Provision for mine rehabilitation cost	29	23,127	53,816
Provision for an onerous contract	30	—	4,106
		483,763	503,680
		378,511	672,415
Capital and reserves			
Share capital	33	496,132	496,132
Reserves		(100,966)	173,289
Equity attributable to owners of the Company		395,166	669,421
Non-controlling interests		(16,655)	2,994
		378,511	672,415

The consolidated financial statements on pages 51 to 149 were approved and authorised for issue by the Board of Directors on 29 June 2020 and are signed on its behalf by:

CHIU TAO
DIRECTOR

HUI RICHARD RUI
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company								
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2018	496,132	507,573	987	128,275	(4,597)	(399,041)	729,329	7,101	736,430
Loss for the year	—	—	—	—	—	(69,698)	(69,698)	(3,586)	(73,284)
Exchange differences arising on translation of foreign operations	—	—	—	—	9,790	—	9,790	(521)	9,269
Total comprehensive income (expense) for the year	—	—	—	—	9,790	(69,698)	(59,908)	(4,107)	(64,015)
At 31 March 2019	496,132	507,573	987	128,275	5,193	(468,739)	669,421	2,994	672,415
Loss for the year	—	—	—	—	—	(275,693)	(275,693)	(19,403)	(295,096)
Exchange differences arising on translation of foreign operations	—	—	—	—	7,815	—	7,815	(424)	7,391
Release of exchange reserve upon disposal of subsidiaries (Note 11)	—	—	—	—	(6,377)	—	(6,377)	—	(6,377)
Total comprehensive income (expense) for the year	—	—	—	—	1,438	(275,693)	(274,255)	(19,827)	(294,082)
Disposal of a subsidiary	—	—	—	—	—	—	—	178	178
At 31 March 2020	496,132	507,573	987	128,275	6,631	(744,432)	395,166	(16,655)	378,511

Notes:

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Group reorganisation completed in January 1994.

(b) The other capital reserve of the Group represents the balance of the credit arising from the cancellation of paid up capital in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 US$'000	2019 US$'000
OPERATING ACTIVITIES		
Loss before taxation		
— from continuing operations	(315,657)	(55,789)
— from discontinued operations	21,504	(17,042)
	(294,153)	(72,831)
Adjustments for:		
Bank interest income	(1,197)	(1,951)
Net impairment loss on (reversal of) financial assets under expected credit loss model	122	(3,497)
Finance costs	16,929	11,961
Depreciation on property, plant and equipment	46,774	14,029
Depreciation of right-of-use assets	1,822	—
Impairment loss recognised in respect of exploration and evaluation assets	—	166
Loss on inventories written down to net realisable value	2,571	—
(Gain) loss on disposal of property, plant and equipment	(7)	86
Reversal of provision for an onerous contract	—	(5,418)
Share of result of a joint venture	768	130
Share of result of an associate	(207)	(318)
Loss on fair value changes of investment properties	2,010	230
(Gain) loss on fair value changes of derivative financial instruments	(46)	33
Loss on fair value changes of financial assets at fair value through profit or loss	148,812	33,118
Impairment loss on property, plant and equipment and right-of-use assets	93,845	—
Loss on deemed disposal of an associate	1,334	—
Gain on disposal of subsidiaries	(18,253)	—
Unrealised foreign exchange loss	27,759	—
Operating cash flows before movements in working capital	28,883	(24,262)
Increase in inventories	(1,660)	(15,753)
Increase in trade and other receivables	(16,444)	(1,791)
(Increase) decrease in loan receivables	(7,900)	163,557
Increase in financial assets at fair value through profit or loss	(77,258)	(96,260)
Increase in trade and other payables and accruals	3,042	24,619
Increase in provision on rehabilitation cost	—	1,844
Net cash (used in) from operations	(71,337)	51,954
Interest received	1,197	1,951
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(70,140)	53,905

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	NOTES	2020 US$'000	2019 US$'000
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit or loss		(20,757)	(14,261)
Additions to exploration and evaluation assets		(17)	(166)
Purchase of property, plant and equipment	14	(17,274)	(16,960)
Net proceeds from disposal of subsidiaries	11	11,224	—
Withdrawal of pledged bank deposits		—	6,823
Placement of pledged bank deposits		(475)	—
Deposit paid for acquisition of property, plant and equipment		(1,046)	—
Net cash outflow arising from acquisition of mining business	35	—	(6,169)
Net cash outflow arising from acquisition of assets through acquisition of subsidiaries	34	—	(33,145)
Proceeds on disposal of financial assets at fair value through profit or loss		12,186	27,314
Proceeds from disposal of property, plant and equipment		7	—
Proceeds from return of capital of financial assets at fair value through profit or loss		—	15,000
NET CASH USED IN INVESTING ACTIVITIES		(16,152)	(21,564)
FINANCING ACTIVITIES			
New bank borrowing raised		30,187	—
Repayments of bank borrowings		(2,116)	(1,176)
Interest paid		(1,258)	(1,161)
Repayments of lease liabilities		(577)	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES		26,236	(2,337)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(60,056)	30,004
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(2,226)	574
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		124,159	93,581
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		61,877	124,159
Represented by:			
Bank balances and cash		61,877	124,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

CST Group Limited ("the Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company with its subsidiaries engaged in (i) exploration, development and mining of mineral resources, (ii) investment in financial instruments, (iii) property investment, and (iv) money lending. The principal activities of each of its principal subsidiaries are set out in note 46.

The consolidated financial statements are presented in United States dollars ("US$"), which is different from the Company's functional currency of Hong Kong dollars ("HK$"). The management adopted US$ as presentation currency as the management controls and monitors the performance and financial position of the Group based on US$. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

2.1 HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leased properties and mining trucks and equipment in Canada was determined on a portfolio basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 5%–7%.

	At 1 April 2019 US$'000
Operating lease commitments disclosed as at 31 March 2019	1,221
Lease liabilities discounted at relevant incremental borrowing rates	(15)
Less: Practical expedient — leases with lease term ends within 12 months from the date of initial application	(1,031)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	175
Add: Obligations under finance lease recognised at 31 March 2019 (Note)	14,806
Lease liabilities as at 1 April 2019	14,981
Analysed as	
Current	45
Non-current	14,936
	14,981

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

2.1 HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets US$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	175
Amounts included in property, plant and equipment under HKAS 17:	
Assets previously under finance leases (Note)	14,615
	14,790
By class:	
Leased properties	175
Mining trucks and equipment	14,615
	14,790

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to US$14,615,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance lease of US$14,806,000 to lease liabilities as non-current liabilities respectively at 1 April 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

2.1 HKFRS 16 "Leases" (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 US$'000	Adjustments US$'000	Carrying amounts under HKFRS 16 at 1 April 2019 US$'000
Non-current assets			
Right-of-use assets	—	14,790	14,790
Property, plant and equipment	480,744	(14,615)	466,129
Current liabilities			
Lease liabilities	—	45	45
Non-current liabilities			
Lease liabilities	—	14,936	14,936
Obligations under finance lease	14,806	(14,806)	—

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[6]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[5]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[5]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[5]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2022

6 Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

AMENDMENTS TO HKAS 1 AND HKAS 8 "DEFINITION OF MATERIAL"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's entity therein, which represent ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

- asset (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACQUISITION OF A SUBSIDIARY NOT CONSTITUTING A BUSINESS

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not longer than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associates or the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from sales of goods is recognised when the performance obligation is fulfilled upon the controls of goods has been transferred, being copper cathodes and coal passes the vessel's rail at the port of shipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff quarter and office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expenses on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business and presented as revenue.

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are recognised at cost less any impairment loss.

Exploration and evaluation assets represent costs of acquiring exploration rights and the expenditures in the search for mineral resources on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

EXPLORATION AND EVALUATION ASSETS (Continued)

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- facts and circumstances suggest that the carrying amount exceeds the recoverable amount; or

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; or

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash-generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrated, any previously recognised exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties (included in property, plant and equipment).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of HKFRS 16) or "prepaid lease payments" (before application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Mine property and development assets

Mine property and development assets include cost to acquire mineral rights, subsequent costs to develop the mine to the production phase, costs which are necessarily incurred during commissioning of the plant, net of proceeds from the sale of test production and construction cost of the mining site infrastructure, incurred in relation to areas of interest in which commercial production of minerals has commenced.

When further development expenditure is incurred in respect of an area of interest in production, such expenditure is capitalised as part of the cost of that mining property only if future economic benefits are probable. Otherwise such expenditure is classified as part of the cost of production and expensed in profit or loss.

Stripping cost

The costs from waste removal activity ("stripping cost") incurred in the development phase of a surface mine are capitalised as part of the mining properties and are subsequently amortised over the life of the mine on a unit of production ("UOP") basis.

To the extent that stripping costs incurred in the production phase of a surface mine ("production stripping costs") provide improved access to ore, such costs are recognised as a non-current asset ("stripping activity asset") when certain criteria are met. The costs of normal ongoing operational stripping activities are accounted as inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of mining properties and classified as tangible assets according to the nature of the mining properties of which it forms part.

The stripping activity asset is then depreciated on a UOP basis over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT (Continued)

Capital work in progress and property, plant and equipment under construction

Capital work in progress represents the work in progress of construction of mine structures and mining site infrastructures and processing facilities. Capital work in progress is classified to mine property and development assets when work in progress is completed and ready for intended use.

Property, plant and equipment under construction represents a vessel under construction. It is classified to vessel when the construction is completed and ready for intended use.

Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine, field or lease, if shorter. Depreciation commences when the asset is available for use.

Mine property and development assets are depreciated using the UOP based on the actual production volume over the estimated total recoverable coal contained in proven and probable ore reserves at the related mine.

The production level intended by management is considered to be reached when operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will be sustained. Other factors include one or more of the following:

- A significant utilisation rate of plant capacity has been achieved; and

- A pre-determined, reasonable period of time of stable operation has passed.

Management reviews the estimated total recoverable coal contained in proven and probable ore reserves at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable coal contained in proven and probable ore reserves are accounted for prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation (Continued)

Capital work in progress and property, plant and equipment under construction are not depreciated until they are substantially complete and available for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

INVENTORIES

Inventories are stated at the lower of weighted average production cost or net realisable value. Costs of the inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "loss on fair value changes of financial assets at FVTPL" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including trade and other receivables, loan receivables, amount due from a joint venture, bank balances, pledged bank deposits and other items (financial guarantee contracts) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on trade receivables are assessed individually for debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity

Classification as debt of equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and bank borrowings, are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

(i) the amount of loss allowance determined in accordance with HKFRS 9; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and a joint venture except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

TAXATION (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in HK$ to the Group's presentation currency (i. e. US$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

RETIREMENT BENEFIT COSTS

Payments to the Mandatory Provident Fund Scheme, Registered Retirement Savings Plan, Compulsory Superannuation Guarantee Contributions and state-sponsored pension scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS, OTHER THAN GOODWILL (SEE THE ACCOUNTING POLICY IN RESPECT OF GOODWILL ABOVE)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS, OTHER THAN GOODWILL (SEE THE ACCOUNTING POLICY IN RESPECT OF GOODWILL ABOVE) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISION

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROVISION (Continued)

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost is required when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured based on the area of land disturbed by the mine as a whole in accordance with the relevant rules and regulations at the end of the reporting period, and using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows (where the effect is material). The payments for the mine rehabilitation cost is required by the local authority upon the closure of the respective mine project.

Mine rehabilitation cost is provided in the period in which the obligation is identified and is capitalised to the costs of mining properties. The cost is charged to profit or loss through depreciation of assets, which are depreciated using the UOP based on the actual production volume over the total estimated proved and probable reserves of the mines.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective 1 April 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

CLUB MEMBERSHIP

Club membership are measured at cost less any impairment losses.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties in Hong Kong. The Group has not recognised any deferred tax on changes in fair value of investment properties in the PRC and UK, as the effect is not significant to the Group.

Joint control over Mission Right Limited ("Mission right")

In April 2014, the Group formed Mission Right with another party and has 50% of ownership interest. Mission Right has become a joint venture of the Group following the transaction. Details are set out in note 19.

The directors of the Company assessed whether or not the Group has control over Mission Right based on whether the Group has the practical ability to direct the relevant activities of Mission Right unilaterally. In making their judgement, the directors of the Company considered the Group does not have control over Mission Right because under the relevant shareholders' agreement, decisions on operating and financing activities of Mission Right require unanimous consent from all joint venture partners. After assessment, the directors of the Company concluded that neither the Group nor the other joint venture partner has the ability to control Mission Right unilaterally and therefore Mission Right is considered as jointly controlled by the Group and the joint venture partner.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets (Continued)

As at 31 March 2020, the carrying amounts of property, plant and equipment and right-of-use assets, are US$270,815,000 and US$10,852,000 (2019: US$480,744,000 and nil) respectively, after taking into account the impairment losses of US$90,811,000 and US$3,034,000 (2019: nil) in respect of property, plant and equipment and right-of-use assets that have been recognised, respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in notes 14 and 15 respectively.

Fair value measurement of financial instruments

As at 31 March 2020, certain of the Group's financial assets, investment funds and unlisted equity instruments amounting to US$142,665,000 and US$11,133,000 (2019: US$137,433,000 and nil), respectively are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See notes 20 and 37 for further disclosures.

Valuation of investment properties

Fair value of investment properties was determined based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2020, investment properties are at fair value of US$48,599,000 (2019: US$52,402,000).

Estimated impairment of exploration and evaluation assets

Exploration and evaluation assets are stated at costs less impairment loss, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; and (2) whether the carrying value of an asset can be supported by the recoverable amount with appropriate assumptions to be applied. Changing the assumptions and estimates, including the coal price projection could materially affect the recoverable amount in the impairment assessment.

As at 31 March 2020, the carrying amounts of exploration and evaluation assets is US$31,719,000 (2019: US$33,675,000). No impairment loss was recognised for the year (2019: US$166,000). Details of the exploration and evaluation assets are disclosed in note 16.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated net realisable value of inventories

Inventories are reviewed for their net realisable value at the end of each reporting period, and the Group will make allowance for inventories with net realisable values lower than their carrying amounts. The excess of carrying value over net realisable value of inventories as at 31 March 2020 was amounted to US$2,571,000 (2019: nil). The management estimates the net realisable value based primarily on the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The carrying amount of inventories after allowance for write-down of the Group as at 31 March 2020 is US$21,889,000 (2019: US$24,488,000).

Provision for mine rehabilitation cost

A provision for future rehabilitation cost requires estimates and assumptions to be made based on the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of profit or loss and other comprehensive income could be impacted. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. As at 31 March 2020, provision for mine rehabilitation cost is at carrying amount of US$23,127,000 (2019: US$53,816,000).

Fair value of measurement and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the fair value measurement is determined by (i) the general partners of the investment funds using valuation techniques or (ii) the Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties and certain types of financial instruments. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets are set out in notes 17, 20 and 37(c).

5. REVENUE/SEGMENT INFORMATION

REVENUE

Revenue represents revenue arising on sale of coal, property rental income, dividend income and interest income. An analysis of the Group's revenue for the year is as follows:

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Sale of coal	168,313	24,151
Revenue from contracts with customers	168,313	24,151
Residential rental income	478	596
Office rental income	2,382	2,407
Dividend income from trading securities	5,860	5,338
Interest income from financial assets at FVTPL	17,090	10,037
Interest income from money lending business	2,234	9,525
Total revenue	196,357	52,054
Timing of revenue recognition		
A point in time	168,313	24,151

	2020 US$'000	2019 US$'000
Leases		
For operating leases:		
Lease payments that are fixed (Note)	2,860	3,003

Note: There is no income relating to variable lease payments that do not depend on an index or a rate during the year.

SALE OF COAL (RECOGNISED AT A POINT IN TIME)

The Group sells coal directly to customers. The revenue is recognised when the performance obligation is fulfilled upon the control of goods has been transferred, being coal passes the vessel's rail at the port of shipment. The payment from customers will be made to the Group within 14 days from the date of lading.

SEGMENT INFORMATION

Information provided to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of business. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 were organised into four (2019: five) main operating divisions — (i) mining business, (ii) investments in financial instruments, (iii) property investment and (iv) money lending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5. REVENUE/SEGMENT INFORMATION (Continued)

SEGMENT INFORMATION (Continued)

Discontinued operations (sale of copper cathodes and e-logistics business)

During the year ended 31 March 2020, the operations of sale of copper cathodes included in the mining business segment and the e-logistics business segment were discontinued with details disclosed in note 11. Therefore, the segment information reported on the next pages does not include any amounts for these discontinued operations. The comparative figures in the revenue and segment information have been restated to conform with the current year's presentation.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the CODM. The measurement policies of the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assesses segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (other income and other gains and losses, loss on deemed disposal of interests in an associate, central administration costs, finance costs, share of result of a joint venture and share of result of an associate).

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Continuing operations

	Segment revenue		Segment results	
	2020	2019	**2020**	2019
	US$'000	US$'000 (restated)	**US$'000**	US$'000 (restated)
Mining business	**168,313**	24,151	**(112,023)**	(9,569)
Investments in financial instruments	**22,950**	15,375	**(122,725)**	(22,719)
Property investment	**2,860**	3,003	**355**	2,236
Money lending	**2,234**	9,525	**1,944**	9,444
	196,357	52,054	**(232,449)**	(20,608)
Other income and other gains and losses			**(31,890)**	(5,627)
Loss on deemed disposal of interests in an associate			**(1,334)**	—
Central administration costs			**(32,494)**	(17,781)
Finance costs			**(16,929)**	(11,961)
Share of result of a joint venture			**(768)**	(130)
Share of result of an associate			**207**	318
Loss before taxation from continuing operations			**(315,657)**	(55,789)

All of the segment revenue reported above is generated from external customers.

5. REVENUE/SEGMENT INFORMATION (Continued)

SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2020 US$'000	2019 US$'000 (restated)
Segment assets:		
Continuing operations		
— Mining business	420,841	561,535
— Investments in financial instruments	378,316	425,306
— Property investment	52,591	54,454
— Money lending	37,853	31,957
Total segment assets	889,601	1,073,252
Assets relating to discontinued operations	—	36,347
Unallocated assets:		
— Bank balances and cash	17,422	81,983
— Property, plant and equipment	28,069	28,516
— Right-of-use assets	3,884	N/A
— Others	13,566	23,235
	62,941	133,734
Consolidated total assets	952,542	1,243,333
Segment liabilities:		
Continuing operations		
— Mining business	525,748	515,067
— Investments in financial instruments	30,213	—
— Property investment	11,195	13,257
— Money lending	—	985
Total segment liabilities	567,156	529,309
Liabilities relating to discontinued operations	—	40,034
Unallocated liabilities:		
— Other payables and accrual	2,847	1,575
— Lease liabilities	4,028	N/A
	6,875	1,575
Consolidated total liabilities	574,031	570,918

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable and operating segments other than certain bank balances and cash, certain property, plant and equipment and right-of-use assets, certain other receivables, interests in an associate and interests in a joint venture and amount due from a joint venture. All liabilities are allocated to operating segments other than certain other payables and accrual and certain lease liabilities.

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5. REVENUE/SEGMENT INFORMATION (Continued)

OTHER SEGMENT INFORMATION

2020

Continuing operations

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of investment properties	—	—	(2,010)	—	—	(2,010)
Additions to non-current assets (Note)	14,990	—	—	—	7,115	22,105
Depreciation on property, plant and equipment	(44,690)	—	—	—	(2,084)	(46,774)
Depreciation on right-of-use assets	(1,241)	—	—	—	(581)	(1,822)
Loss on fair value changes of financial assets at FVTPL	—	(148,812)	—	—	—	(148,812)
Impairment loss on property, plant and equipment and right-of-use assets	(93,845)	—	—	—	—	(93,845)
Share of result of a joint venture	—	—	—	—	(768)	(768)
Share of result of an associate	—	—	—	—	207	207
Interest revenue	—	17,090	—	2,234	—	19,324
Interest expense	(15,573)	(877)	(404)	—	(75)	(16,929)
Income tax expense	(719)	—	(188)	—	(36)	(943)

2019

Continuing operations

	Mining business US$'000 (restated)	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	Unallocated US$'000	Total US$'000 (restated)
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of investment properties	—	—	(230)	—	—	(230)
Additions to non-current assets (Note)	502,561	—	—	—	2,616	505,177
Depreciation on property, plant and equipment	(11,227)	—	—	—	(2,089)	(13,316)
Loss on fair value changes of financial assets at FVTPL	—	(33,118)	—	—	—	(33,118)
Share of result of a joint venture	—	—	—	—	(130)	(130)
Share of result of an associate	—	—	—	—	318	318
Interest revenue	—	10,037	—	9,525	—	19,562
Interest expense	(11,493)	—	(468)	—	—	(11,961)
Income tax expense	—	—	(151)	(85)	—	(236)

Note: Additions to non-current assets comprise property, plant and equipment and right-of-use assets (2019: property, plant and equipment and exploration and evaluation assets).

5. REVENUE/SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

A geographical analysis of the Group's revenue from continuing operations from external customers is presented based on the geographical market where listed securities are traded for investments in financial instruments segment, geographical location where the goods are sold for mining business segment, geographical location of the properties for property investment segment; while information about the carrying amount of non-current assets, excluding those relating to discontinued operations, financial instruments, deposit for acquisition on financial instruments, club membership and pledged bank deposits, is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
		(restated)		(restated)
The People's Republic of China (the "PRC"), other than Hong Kong	**280**	250	**6,037**	6,335
Hong Kong	**5,524**	14,490	**42,458**	61,847
Canada	**168,313**	24,151	**348,042**	485,525
The United Kingdom (the "UK")	**2,102**	2,157	**22,678**	24,682
Singapore	**16,675**	10,037	**—**	—
Others	**3,463**	969	**—**	—
	196,357	52,054	**419,215**	578,389

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from mining business in Canada from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 March	
	2020	2019
	US$'000	US$'000
		(restated)
Customer A[1]	**N/A[2]**	12,220
Customer B[1]	**51,432**	N/A[2]
Customer C[1]	**29,496**	N/A[2]
Customer D[1]	**26,070**	N/A[2]
Customer E[1]	**23,754**	N/A[2]

1 Revenue from sales of coal

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group

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For the year ended 31 March 2020

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Bank and other interest income	1,017	1,125
Fair value gain (loss) on derivative financial instruments	46	(33)
Gain on disposal of property, plant and equipment	7	—
Net foreign exchange loss	(34,289)	(7,020)
Others	1,329	301
	(31,890)	(5,627)

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS

The emoluments paid or payable to each of the ten (2019: twelve) directors were as follows:

	2020				
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Total US$'000
Executive Directors (Note i)					
Chiu Tao (Chairman) (Notes ii and xi)	—	5,496	3,205	2	8,703
Hui Richard Rui (Note iv)	—	583	128	2	713
Kwan Kam Hung, Jimmy	—	225	154	2	381
Lee Ming Tung	—	180	48	2	230
Tsui Ching Hung	—	201	38	—	239
Wah Wang Kei, Jackie	—	532	154	2	688
Yeung Kwok Yu (Note v)	—	47	—	—	47
Independent Non-executive Directors (Note vii)					
Leung Hoi Ying	19	—	—	—	19
Ma Yin Fan	26	—	—	—	26
Yu Pan	15	—	—	—	15
	60	7,264	3,727	10	11,061

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(A) DIRECTORS (Continued)

	2019				
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Total US$'000
Executive Directors (Note i)					
Chiu Tao (Chairman) (Notes ii and xi)	—	5,551	3,205	2	8,758
Chen Weixing (Note iii)	—	—	—	—	—
Hui Richard Rui (Note iv)	—	494	128	2	624
Kwan Kam Hung, Jimmy	—	203	256	2	461
Lee Ming Tung	—	175	67	2	244
Tsui Ching Hung	—	196	38	—	234
Wah Wang Kei, Jackie	—	418	256	2	676
Yeung Kwok Yu (Note v)	—	218	25	—	243
Independent Non-executive Directors (Note vii)					
Leung Hoi Ying	19	—	—	—	19
Ma Yin Fan	26	—	—	—	26
Tong So Yuet (Note vi)	26	—	—	—	26
Yu Pan	15	—	—	—	15
	86	7,255	3,975	10	11,326

Notes:

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) Mr. Chiu Tao is the Chairman of the Company and his emoluments disclosed above include those for services rendered by him.

(iii) Retired as an executive director of the Company on 21 September 2018.

(iv) Mr. Hui Richard Rui is the General Manager of the Company, whose role is equivalent to a chief executive.

(v) Resigned as an executive director of the Company with effect from 25 June 2019.

(vi) Resigned as an independent non-executive director of the Company with effect from 29 March 2019.

(vii) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(viii) The performance related bonus payable to executive directors is determined based on the performance of the individual directors. No directors waived any emoluments in both years.

(ix) There is no compensation for the loss of office as a director of the Group for both years.

(x) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(xi) The Group has been providing accommodation, which is leased from third party, to Mr. Chiu Tao for use by his and his family members at no charge. The estimated money value of the benefit in kind approximately US$829,000 (2019: US$884,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(B) INFORMATION REGARDING EMPLOYEES' EMOLUMENTS

The five highest paid employees of the Group during the year included four directors (2019: four directors), details of whose remuneration are set out in above. Details of the remuneration for the year of the remaining one (2019: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2020 US$'000	2019 US$'000
Salaries, allowances and benefits-in-kind	825	731
Retirement benefits	2	2
	827	733

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	2020 No. of employee	2019 No. of employee
HK$5,500,001 to HK$6,000,000 (equivalent to US$705,128 to US$769,231)	—	1
HK$6,000,001 to HK$6,500,000 (equivalent to US$769,231 to US$833,333)	1	—

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to the directors and the chief executives of the Company or the five highest paid individuals of the Group (including directors, the chief executives and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

8. FINANCE COSTS

	2020 US$'000	2019 US$'000
Continuing operations		
Interest expense on lease liabilities	1,165	798
Interest expense on bank borrowings	15,764	11,163
	16,929	11,961

9. LOSS BEFORE TAXATION

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Loss before taxation from continuing operations has been arrived at after charging:		
Directors' remuneration (Note 7(a))	11,061	11,326
Contributions to retirement benefit scheme to employees	667	262
Other staff costs	30,267	12,564
Total staff costs	41,995	24,152
Less: amount capitalised in cost of producing the inventories	(22,645)	(6,501)
Total staff costs included in administrative expenses	19,350	17,651
Auditor's remuneration	567	624
Depreciation on property, plant and equipment	46,774	13,316
Depreciation of right-of-use assets	1,822	N/A
Minimum lease payments paid under operating leases in respect of rented premises	N/A	723
Short term leases expense	957	N/A
Write-down of inventories	2,571	—
and after crediting:		
Gain on disposal of property, plant and equipment	7	—
Gross rental income less direct operating expenses of US$417,000 (2019: US$416,000) from investment properties that generated rental income during the year	2,443	2,587

10. TAXATION

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Current tax:		
Charge for the year		
PRC	28	25
Hong Kong	—	57
UK	160	126
Underprovision in prior year		
Hong Kong	36	28
	224	236
Deferred tax (Note 32)	719	—
Taxation for the year	943	236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

10. TAXATION (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax for the year ended 31 March 2019 is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million of one of the Group entities operating in Hong Kong. No provision for Hong Kong Profits Tax has been made during the year as the assessable profit was wholly absorbed by tax losses brought forward during the year ended 31 March 2020.

Under the applicable corporate tax law in the UK, the tax rate is 19% of the estimated assessable profits.

Under the applicable corporate tax law in Alberta, Canada, the tax rate is 26% (2019: 27%) of the estimated assessable profits. No provision for taxation in Canada has been made as there is no assessable profits derived in Canada for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 US$'000	2019 US$'000 (restated)
Loss before tax (from continuing operations)	(315,657)	(55,789)
Tax at the respective domestic income tax rates (Note)	(69,367)	(12,439)
Tax effect of share of result of a joint venture	127	21
Tax effect of share of result of an associate	(34)	(53)
Tax effect of expenses not deductible for tax purpose	56,674	8,737
Tax effect of income not taxable for tax purpose	(3,416)	(4,862)
Tax effect of tax losses not recognised	17,026	10,988
Tax effect of utilisation of tax losses previously not recognised	(103)	(2,163)
Underprovision of tax in prior year	36	28
Tax effect of two-tiered profits tax regime	—	(21)
Taxation for the year	943	236

Note: The domestic tax rates in Hong Kong of 16.5% (2019: 16.5%), PRC of 25% (2019: 25%), UK of 19% (2019: 19%) and Alberta, Canada of 26% (2019: 27%), which are jurisdictions where the operations of the Group are substantially used.

11. DISCONTINUED OPERATIONS

(a) On 14 March 2019, the Group entered into a sale agreement to dispose of its 100% equity interest in CST Minerals Australia Pty Ltd, together with its wholly owned subsidiaries, CST Minerals Lady Annie Pty Limited and CST Minerals Exploration Pty Ltd (collectively the "CSTMA Group") that carried out all of the Group's sales of copper operation. The purpose of the disposal is to generate cash for the expansion of the Group's other businesses. The disposal was completed on 19 July 2019, which was the date that the Group lost control of the CSTMA Group. The Group's sales of copper operation was treated as discontinued operation.

The profit (loss) for the period/year from the discontinued sales of copper operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent sales of copper as a discontinued operation.

	For the period ended 19 July 2019 US$'000	Year ended 31 March 2019 US$'000
Profit (loss) of copper mining business for the period/year	3,369	(17,162)
Gain on disposal of business	24,012	—
Transaction cost for the disposal of copper mining business	(114)	—
	27,267	(17,162)

The revenue from sales of copper operation was recognised at a point in time.

The results of the sales of copper operation for the period from 1 April 2019 to 19 July 2019, the date of disposal, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period ended 19 July 2019 US$'000	Year ended 31 March 2019 US$'000
Revenue	4,924	14,660
Cost of sales	(4,857)	(16,384)
Gross profit (loss)	67	(1,724)
Other income and other gains and losses	4,610	(8,587)
Administrative expenses	(1,308)	(6,468)
Impairment loss recognised in respect of exploration and evaluation	—	(166)
Profit (loss) before taxation	3,369	(16,945)
Taxation	—	(217)
Profit (loss) for the period/year	3,369	(17,162)

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11. DISCONTINUED OPERATIONS (Continued)

(a) (Continued)

Gain on disposal of copper mining business:

	US$'000
Total consideration	12,389
Net assets disposed of	(2,499)
Reclassification of cumulative translation reserve upon disposal of the CSTMA Group to profit or loss	14,122
Gain on disposal	24,012
Satisfied by:	
Cash (Note)	12,389

Note: Pursuant to the sale and purchase agreement entered into with the buyer, the seller shall pay Environmental Financial Assurance requested by Government of Queensland for the excess agreed portion of the rehabilitation cost with the amount of US$860,000 net of the consideration of US$13,249,000. There is a contingent consideration amounted to Australian dollar ("AUD") 5,000,000 (approximately to US$3,506,000) payable by the buyer to the Group if certain conditions were met and no adjustment was made during the year ended 31 March 2020.

	US$'000
Net cash inflow arising on disposal:	
Total cash consideration received	12,389
Bank balances and cash disposed of	(1,168)
	11,221

	For the period ended 19 July 2019 US$'000	Year ended 31 March 2019 US$'000
Cash flows from sales of copper operation:		
Net cash flows from (used in) operating activities	759	(4,649)
Net cash flows from investing activities	365	3,695
Net cash flows used in financing activities	(1,659)	(5,882)

11. DISCONTINUED OPERATIONS (Continued)

(b) During the year ended 31 March 2020, the Group disposed all of its 91% equity interest in a non-wholly owned subsidiary, Planet Smooth Limited, which together with its subsidiaries (collectively the "Planet Smooth Group") carried out the e-logistics business of the Group. The purpose of the disposal was to restructure the Group's business strategies. The disposal was completed on 26 March 2020, which was the date that the Group lost control of the Planet Smooth Group. The Group's e-logistics business was treated as discontinued operation.

Goodwill was allocated to the Group's cash-generating unit identified according to business segment which is the e-logistics platform. The carrying amount of the goodwill was fully impaired during the year ended 31 March 2018.

The loss for the period/year from the discontinued e-logistics business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent as a discontinued operation.

	For the period ended 26 March 2020 US$'000	Year ended 31 March 2019 US$'000
Loss of e-logistics business for the period/year	(4)	(97)
Loss on disposal of business	(5,759)	—
	(5,763)	(97)

The results of the e-logistics operation for the period from 1 April 2019 to 26 March 2020, the date of disposal, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period ended 26 March 2020 US$'000	Year ended 31 March 2019 US$'000
Other income and other gains and losses	—	(86)
Administrative expenses	(4)	(11)
Loss before taxation	(4)	(97)
Taxation	—	—
Loss for the period/year	(4)	(97)

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For the year ended 31 March 2020

11. DISCONTINUED OPERATIONS (Continued)

(b) (Continued)

Loss on disposal of e-logistics business:

	US$'000
Total consideration	7
Net liabilities disposed of	1,979
Reclassification of cumulative translation reserve upon disposal of the Planet Smooth Group to profit or loss	(7,745)
Loss on disposal	(5,759)
Satisfied by:	
Cash	7

	US$'000
Net cash inflow arising on disposal:	
Total cash consideration received	7
Bank balances and cash disposed of	(4)
	3

	For the period ended 26 March 2020 US$'000	Year ended 31 March 2019 US$'000
Cash flows from e-logistics operation:		
Net cash flows used in operating activities	(2)	(7)
Net cash flows used in financing activities	(6)	—

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

13. LOSS PER SHARE

FROM CONTINUING OPERATIONS

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2020 US$'000	2019 US$'000
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	(275,693)	(69,698)
Less: Profit (loss) for the period from discontinued operations	21,504	(17,259)
Loss for the purpose of calculating basis loss per share from continuing operations	(297,197)	(52,439)

	Number of shares	
	2020 '000	2019 '000
Number of ordinary shares for the purposes of basic loss per share	38,698,309	38,698,309

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2020 US$'000	2019 US$'000
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	(275,693)	(69,698)

	Number of shares	
	2020 '000	2019 '000
Number of ordinary shares for the purposes of basic loss per share	38,698,309	38,698,309

FROM DISCONTINUED OPERATIONS

Basic earnings per share for the discontinued operations is US0.06 cents per share (2019: loss US0.04 cents per share), based on the profit for the year from the discontinued operations of US$21,504,000 (2019: loss of US$17,259,000) and the denominators detailed above for basic loss per share.

No diluted loss per share is presented as there were no potential ordinary shares in issue during both years.

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14. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress	Mine property and development assets	Plant and equipment	Owned properties	Leasehold improvements	Furniture and equipment	Motor vehicles	Vessel	Software	Aircraft	Property, plant and equipment under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COST												
At 1 April 2018	2,722	205,698	26,443	6,512	415	1,874	1,132	3,886	187	19,300	7,360	275,529
Exchange adjustments	3	(16,946)	(2,482)	(23)	—	—	(860)	—	(15)	—	—	(20,323)
Additions	6,781	5,266	1,535	—	4	7	96	70	761	—	2,440	16,960
Disposals/write-off	—	—	—	—	—	(58)	(108)	—	(172)	—	—	(338)
Acquired on acquisition of mining business (Note 35)	—	339,887	41,088	1,912	—	—	71,249	—	—	—	—	454,136
At 31 March 2019	9,506	533,905	66,584	8,401	419	1,823	71,509	3,956	761	19,300	9,800	725,964
Adjustment upon application of HKFRS 16 (Note 2.1)	—	(14,806)	—	—	—	—	—	—	—	—	—	(14,806)
At 1 April 2019 (restated)	9,506	519,099	66,584	8,401	419	1,823	71,509	3,956	761	19,300	9,800	711,158
Exchange adjustments	(406)	(19,649)	(2,447)	(110)	—	—	(4,089)	—	(44)	—	—	(26,745)
Additions	14,589	—	—	—	15	85	189	2,392	—	4	—	17,274
Disposals/write-off	—	(7,898)	—	—	(252)	(352)	(385)	—	—	—	—	(8,887)
Disposal of subsidiaries	—	—	(24,446)	—	—	—	(151)	—	—	—	—	(24,597)
Reclassification	(14,835)	2,159	—	—	—	—	12,180	9,800	496	—	(9,800)	—
At 31 March 2020	8,854	493,711	39,691	8,291	182	1,556	79,253	16,148	1,213	19,304	—	668,203
DEPRECIATION AND IMPAIRMENT												
At 1 April 2018	2,722	205,698	25,609	5,156	380	1,796	954	3,630	104	483	—	246,532
Exchange adjustments	—	(12,888)	(1,960)	—	—	—	(1)	—	(8)	—	—	(14,857)
Provided for the year	—	4,686	1,059	71	15	36	5,887	33	80	1,930	—	13,797
Eliminated on disposals/write-off	—	—	—	—	—	(58)	(108)	—	(86)	—	—	(252)
At 31 March 2019	2,722	197,496	24,708	5,227	395	1,774	6,732	3,663	90	2,413	—	245,220
Adjustment upon application of HKFRS 16 (Note 2.1)	—	(191)	—	—	—	—	—	—	—	—	—	(191)
At 1 April 2019 (restated)	2,722	197,305	24,708	5,227	395	1,774	6,732	3,663	90	2,413	—	245,029
Exchange adjustments	—	(6,113)	(638)	(33)	—	—	(2,245)	—	(38)	—	—	(9,067)
Provided for the year	—	24,925	2,293	97	12	29	16,087	1,054	346	1,931	—	46,774
Eliminated on disposals/write-off	—	—	—	—	(252)	(352)	(385)	—	—	—	—	(989)
Disposal of subsidiaries	—	—	(24,261)	—	—	—	(101)	—	—	—	—	(24,362)
Impairment	—	65,660	9,538	434	—	—	14,969	—	210	—	—	90,811
At 31 March 2020	2,722	281,777	11,640	5,725	155	1,451	35,057	4,717	608	4,344	—	348,196
CARRYING VALUES												
At 31 March 2020	6,132	211,934	28,051	2,566	27	105	44,196	11,431	605	14,960	—	320,007
At 31 March 2019	6,784	336,409	41,876	3,174	24	49	64,777	293	671	16,887	9,800	480,744

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The property, plant and equipment, except for capital work in progress, property, plant and equipment under construction and mine property and development assets, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Plant and equipment	20%–33%, or over the life of the mines whichever is shorter
Owned properties	2%, or shorter of leases term
Leasehold improvements	20%–33%, or over the terms of the leases whichever is shorter
Furniture and equipment	10%–25%
Motor vehicles	25%, or over the life of the mines whichever is shorter
Vessel	10%–25%
Software	25%
Aircraft	10%

Mine property and development assets are depreciated using the UOP based on the actual production volume over the estimated total recoverable copper and coal contained in proven and probable ore reserves at the related mine.

IMPAIRMENT ASSESSMENT

With the impacts of Coronavirus Disease 2019 ("COVID-19") there was decrease in coal price and demand on coal during the year ended 31 March 2020, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-use assets (as set out in note 15) with carrying amounts (net of impairment) of US$270,815,000 and US$10,852,000 as at 31 March 2020 respectively. The Group estimates the recoverable amount of the cash-generating units of mining business segment to which the asset belongs when it is not possible to estimate the recoverable amount individually.

For the purpose of impairment testing, the assets and liabilities of the Group's mining operations were allocated into cash-generating units under CST Canada Coal Limited ("CCC"), which represented subsidiary in the mining operation segment to determine their recoverable amounts.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with zero growth rate and for the further 20 years with zero growth rate and a pre-tax discount rate is 12% as at 31 March 2020. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development. In preparing the forecast, management made reference to the latest verified levels of mineral reserves presently verified and the production cost projection and the future production capacity according to the technical report dated as of 31 March 2020.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit amounting to US$281,667,000 is lower than the carrying amount before impairment. The impairment amount has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment of US$90,811,000 and US$3,034,000 (2019: nil), respectively, has been recognised against the carrying amount of property, plant and equipment and right-of-use assets, which are used in mining business.

15. RIGHT-OF-USE ASSETS

	Leased properties US$'000	Mining trucks and equipment US$'000	Total US$'000
As at 1 April 2019			
Carrying amount	175	14,615	14,790
As at 31 March 2020			
Carrying amount	4,028	10,708	14,736
For the year ended 31 March 2020			
Depreciation charge	622	1,200	1,822
Impairment recognised	—	3,034	3,034
	622	4,234	4,856
Expense relating to other leases with lease term ends within 12 months of the date of initial application of HKFRS 16			957
Total cash outflow for leases (Note)			2,699
Additions to right-of-use assets			4,831

Note: Amount includes payments of principal of US$579,000 and interest portion of US$1,163,000 of lease liabilities, and leases with lease term ends within 12 months of the date of initial application of HKFRS 16 of US$957,000.

For both years, the Group leases various offices, warehouses, staff quarter and mining trucks and equipment for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Certain leases of mining trucks and equipment were accounted for as finance leases under HKAS 17 during the year ended 31 March 2019 and carried at interest rate of 7%. These mining trucks and equipment are reclassified as right-of-use assets at the date of initial application under HKFRS 16 and included in right-of-use assets as at 1 April 2019. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. EXPLORATION AND EVALUATION ASSETS

	US$'000
COST	
At 1 April 2018	—
Additions	166
Additions through acquisition of business (Note 35)	34,081
Exchange adjustment	(406)
Impairment loss recognised in profit or loss	(166)
At 31 March 2019	**33,675**
Additions	**17**
Disposal through disposal of a subsidiary	**(17)**
Exchange adjustment	**(1,956)**
At 31 March 2020	**31,719**

During the year ended 31 March 2020, the management conducted a review on the recoverable amount of the individual cash-generating unit related to the Group's exploration and evaluation assets for mining coal. The recoverable amount of the relevant assets has been determined on the basis of the fair value less costs to sell. No impairment loss was recognised during the year ended 31 March 2020.

During the year ended 31 March 2019, the management conducted a review on the recoverable amount of cash-generating unit for the mining of copper on the Group's exploration and evaluation assets and determined that impairment loss of US$166,000 has been recognised. The recoverable amounts of the relevant assets have been determined on the basis of the value in use.

17. INVESTMENT PROPERTIES

	2020 **US$'000**	2019 US$'000
FAIR VALUE		
At the beginning of the year	**52,402**	55,174
Loss on fair value changes recognised in profit or loss	**(2,010)**	(230)
Exchange adjustment	**(1,793)**	(2,542)
At the end of the year	**48,599**	52,402

The fair value of the Group's investment properties as at 31 March 2020 and 2019 has been arrived at on the basis of a valuation carried out on those dates by independent qualified professional valuers not connected with the Group.

17. INVESTMENT PROPERTIES (Continued)

The fair value was determined based on the income approach or direct comparison approach. For the income approach, the value is derived from capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential. For the direct comparison approach, the fair value is arrived at by reference to unit market values of comparable properties and the adjusting factors such as floor and direction.

In determining the fair value of the relevant properties, the management and the person in charge of financial matters of the Group would determine the appropriate valuation techniques and inputs for fair value measurements.

The Group engages independent valuers, namely Asset Appraisal Limited and Roma Appraisals Limited, to perform its valuations. The person in charge works closely with the independent valuers to establish the appropriate valuation techniques and inputs to the model. The person in charge of financial matters reports the management's findings, if any, to the board of directors twice per year to explain the cause of fluctuations in the fair value of the assets.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The properties were rented out under operating leases and categorised at Level 3 (2019: Level 3) under the fair value hierarchy.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

	Fair value as at 31 March	
	2020	2019
	US$'000	US$'000
Residential units located in Hong Kong	**19,884**	21,385
Commercial units located in the PRC	**6,037**	6,335
Commercial units located in the UK	**22,678**	24,682
	48,599	52,402

As at 31 March 2020, except for the residential properties and commercial properties amounted to US$19,884,000 and US$6,037,000 (2019: US$21,385,000 and US$6,335,000), respectively, the remaining commercial properties of the Group have been pledged to secure the bank borrowings granted to the Group.

17. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties as at 31 March 2020 and 31 March 2019 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 1 — Properties in Quarry Bay, Hong Kong	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account the adjusting factors such as floor and direction of the property, of HK$9,086 per square foot (2019: HK$9,776 per square foot)	A slight increase in the price per square foot will increase slightly the fair value, and vice versa.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$338,000 (equivalent to HK$2,635,000) (2019: US$363,000 (equivalent to HK$2,835,000)).
Property 2 — Properties in Quarry Bay, Hong Kong	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account the adjusting factors such as floor and direction of the property, of HK$9,058 per square foot (2019: HK$10,223 per square foot)	A slight increase in the price per square foot will increase slightly the fair value, and vice versa.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$656,000 (equivalent to HK$5,120,000) (2019: US$706,000 (equivalent to HK$5,505,000)).
Property 3 — Properties in Changning District, Shanghai City, the PRC	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account the adjusting factors such as floor and direction of the property, of RMB21,775 per square metre (2019: RMB21,775 per square metre)	A slight increase in the price per square metre will increase slightly the fair value, and vice versa.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$98,000 (equivalent to RMB700,000) (2019: US$103,000 (equivalent to RMB700,000)).

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17. INVESTMENT PROPERTIES (Continued)

	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 4 — Properties in Luohu District, Shenzhen, the PRC	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account the adjusting factors such as floor and direction of the property, of RMB18,363 per square metre (2019: RMB18,363 per square metre)	A slight increase in the price per square metre will increase slightly the fair value, and vice versa.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$204,000 (equivalent to RMB1,450,000) (2019: US$214,000 (equivalent to RMB1,450,000)).
Property 5 — Property in Edinburgh, the UK	Income capitalisation method based on market rent and capitalisation rate of similar properties	Market rent per square foot of GBP14.2 (2019: GBP14.5)	The higher the market rent, the higher the fair value, and vice versa.	If the market rent to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$1,206,000 (equivalent to GBP922,000) (2019: US$1,270,000 (equivalent to GBP967,000)).
		Capitalisation rate of 7.50% (2019: 7.30%)	The higher the capitalisation rate, the lower the fair value, and vice versa.	If the capitalisation rate to the valuation model is 0.5% higher/lower while all the other variables were held constant, the carrying value of the investment property would decrease/increase by US$1,508,000/US$1,723,000 (equivalent to GBP1,153,000/ GBP1,317,000) (2019: US$1,628,000/US$1,868,000 (equivalent to GBP1,240,000/ GBP1,423,000)), respectively.

There was no transfer into or out of Level 3 during the year.

18. INTERESTS IN AN ASSOCIATE

	2020 US$'000	2019 US$'000
Cost of unlisted investment in associates	16,727	16,727
Share of post-acquisition loss and other comprehensive expense	(760)	(967)
Impairment loss recognised on interests in an associate	(8,207)	(8,207)
Exchange adjustment	(529)	(529)
Disposal	(7,231)	—
	—	7,024

Details of the Group's associates at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership Interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2020	2019	2020	2019	
Kuaichi Group Holding Limited ("Kuaichi Group")	Cayman Islands	PRC	20%	20%	20%	20%	e-logistics business
Liberty Capital Limited ("Liberty")	BVI	HK	—	33.5%	—	33.5%	Trading of securities

All of these associates are accounted for using the equity method in these consolidated financial statements.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

LIBERTY

	2020 US$'000	2019 US$'000
Current assets	—	25,129
Non-current assets	—	24,695
Current liabilities	—	30,191
Non-current liabilities	—	—

	For the period ended 9 May 2019 US$'000	For the year ended 2019 US$'000
Revenue	3	707
Profits for the period/year	619	950
Other comprehensive income for the period/year	—	—
Total comprehensive income for the period/year	619	950

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18. INTERESTS IN AN ASSOCIATE (Continued)

LIBERTY (Continued)

In the prior year, the Group held a 33.5% interest in Liberty and accounted for the investment as an associate. During the current year, Liberty ceased to be an associate of the Group as a result of the loss of significant influence since there was a dilution in shareholding. The Group recognised the retained interest in Liberty as financial assets at FVTPL on 9 May 2019 (the "Deemed Disposal Date") and subsequently fully disposed of the entire interests at a consideration of US$5,461,000 on 20 December 2019. The fair value of the financial assets after dilution at the Deemed Disposal Date was US$5,897,000, which was determined by adopting the adjusted net asset value approach. Under this approach, the book values of the assets and liabilities of the underlying investment companies are adjusted to their respective assets/liabilities' fair values by a marketability discount in order to reflect the non-marketable nature of the Group's investment portfolio. The Group engaged GW Financial Advisory Services Limited, an independent qualified professional valuer to assess the marketability discount to the net asset values. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows.

	US$'000
Proceeds of disposal	—
Add: fair value of investment retained (18.61%)	5,897
Less: carrying amount of the 33.5% investment on the date of loss of significant influence	(7,231)
Loss on deemed disposal recognised	(1,334)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2020 US$'000	2019 US$'000
Net assets of Liberty	—	19,633
Proportion of the Group's ownership interest in Liberty	—	33.5%
	—	6,577
Goodwill	—	447
Carrying amount of the Group's interest in Liberty	—	7,024

KUAICHI GROUP

	2020 US$'000	2019 US$'000
The unrecognised share of loss of Kuaichi Group for the year	**110**	423

	2020 US$'000	2019 US$'000
Cumulative unrecognised share of loss of Kuaichi Group	**1,024**	914

19. INTERESTS IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

Details of the Group's investment in a joint venture as follows:

	2020 US$'000	2019 US$'000
Cost of investment in joint venture	—	—
Share of post-acquisition profits and other comprehensive income	4,154	4,922
	4,154	4,922
Share of result of a joint venture	(768)	(130)
Amount due from a joint venture	4,042	4,042

The interest in a joint venture represents a 50% equity interest in Mission Right, an equity joint venture operated in Hong Kong in April 2014. The Group is able to exercise joint control over Mission Right as all decisions about the relevant activities require unanimous consent of the Group and the other joint venture partner. The Group also has rights to the net assets of Mission Right. Accordingly, Mission Right is regarded as a joint venture of the Group.

The amount due from a joint venture is unsecured and repayable on demand.

Details of the joint venture at the end of the reporting period as follows:

Name of entity	Form of entity	Country of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
					2020	2019	2020	2019	
Mission Right	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50%	50%	Investment in equity instruments

The joint venture is accounted for using the equity method in these consolidated financial statements:

	2020 US$'000	2019 US$'000
Current assets	16,398	17,930
Non-current assets	—	—
Current liabilities	8,090	8,086
Non-current liabilities	—	—

19. INTERESTS IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Details of the joint venture at the end of the reporting period as follows: (Continued)

The above amounts of assets and liabilities include the following:

	2020 US$'000	2019 US$'000
Cash and cash equivalents	7	7
Current financial liabilities (excluding trade and other payables and provisions)	8,090	8,086

	2020 US$'000	2019 US$'000
Revenue	—	—
Loss from continuing operations	(1,536)	(260)
Post-tax loss from discontinued operations	—	—
Loss for the year	(1,536)	(260)
Other comprehensive income for the year	—	—
Total comprehensive expense for the year	(1,536)	(260)
Dividends received from Mission Right during the year	—	—
The above loss for the year includes the following: Interest income	—	4

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mission Right recognised in the consolidated financial statements:

	2020 US$'000	2019 US$'000
Net assets of Mission Right	8,308	9,844
Proportion of Group's ownership interest in Mission Right	50%	50%
Carrying amount of Group's interest in Mission Right	4,154	4,922

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 US$'000	2019 US$'000
Financial assets at FVTPL (non-current)		
Investment funds (Note a)	59,383	61,721
Unlisted equity securities (Note b)	11,133	—
	70,516	61,721
Financial assets at FVTPL (current)		
Debt securities	156,432	118,513
Equity securities listed in Hong Kong	48,364	158,858
Equity securities listed outside Hong Kong	1,125	2,001
Investment funds (Note a)	83,282	75,712
	289,203	355,084

Notes:

(a) The investment funds which are managed by financial institutions, mainly invest in real estate properties, e-commercial platform and unlisted equity investments. Fifteen (2019: fifteen) investment funds are with a maturity terms range from 2 to 10 years, respectively. The fair value of these investment funds was determined by adopting the adjusted net asset value approach. Under this approach, the book values of the assets and liabilities of the underlying investment companies/funds in the portfolio are adjusted to their respective assets/liabilities' fair values by a marketability discount in order to reflect the non-marketable nature of the Group's investment portfolio. The general partners determine the net asset values of the respective investment funds by using methodology based on relevant comparable data to quantify the adjustment from cost or latest transaction price where appropriate, or to justify that cost or latest transaction price is a proper approximation to fair value of the underlying investments held by the investment funds. The factors considered in the assessment require the judgement. The Group engaged GW Financial Advisory Services Limited, an independent qualified professional valuer to assess the marketability discount to the net asset values. During the year ended 31 March 2020, a decrease in fair value of US$22,411,000 was recognised in profit or loss (2019: US$23,402,000).

(b) The unlisted equity investments represent the Group's investment in equity interest in two (31 March 2019: nil) private entities, which engaged in biologics contract development and manufacturing service business and investment in investment property located in Australia, respectively. As at 31 March 2020, the fair value of the equity investments of US$11,133,000 was determined by adopting the market approach. Under this approach, the book values of the assets and liabilities of the underlying investment companies are adjusted to their respective equity's fair values by applying a marketability discount with reference to transaction price of similar items by using recent market transactions or market multiples in order to reflect the non-marketable nature of the equity investments. The Group engaged GW Financial Advisory Services Limited, an independent qualified professional valuer to assess the marketability discount to the equity values. During the year ended 31 March 2020, a decrease in fair value of US$3,897,000 was recognised in profit or loss (2019: nil).

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21. INVENTORIES

	2020 US$'000	2019 US$'000
Coal	**14,831**	16,523
Spare parts and consumables	**7,058**	7,417
Copper cathodes	**—**	548
	21,889	24,488

22. TRADE AND OTHER RECEIVABLES

	2020 US$'000	2019 US$'000
Trade receivable	**4,907**	980
Amounts due from brokers	**582**	666
Deposits and prepayments	**9,061**	5,096
Goods and services tax ("GST") receivables	**4,312**	225
Interest income receivable	**5,083**	2,068
Other receivables	**32**	716
	23,977	9,751

AGING OF TRADE RECEIVABLE (BASED ON INVOICE DATES, WHICH APPROXIMATED THE RESPECTIVE REVENUE RECOGNITION DATES)

	2020 US$'000	2019 US$'000
0–60 days	**4,907**	980

Trade receivable as at 31 March 2020 represents trade receivable from sales of coal in Canada (2019: sales of copper cathodes in Australia). The balance is due on two weeks after delivery. Management believes that no impairment allowance under the expected credit loss model is recognised in respect of the balance as the Group has considered the consistently zero historical default rate in connection with payments as adjusted for forward-looking information. The Group does not hold any collateral over the balance. There is no trade receivable from sales of copper operation as at 31 March 2020 due to the disposal of copper mining business during the current year as detailed in note 11.

No trade receivables are past due as at 31 March 2020 and 31 March 2019.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2020 are set out in note 37.

23. LOAN RECEIVABLES

	2020 US$'000	2019 US$'000
Fixed-rate loan receivables, current	36,792	28,892
Less: allowance for ECL	(740)	(618)
	36,052	28,274

The effective interest rate (which are fixed rates, also equal to contractual interest rates) on the Group's loan receivables ranges from 12% to 24% (2019: 15%) per annum. The contractual maturity date of the loan receivables ranges from five months to one year (2019: less than one month to one year) and are all denominated in HK$. As at 31 March 2020, loan receivables with gross carrying amount of US$36,792,000 (2019: US$28,892,000) are unsecured.

IMPAIRMENT ASSESSMENT ON LOAN RECEIVABLES WITH ECL MODEL

No loan receivables are past due as at 31 March 2020 and 2019.

Net impairment loss under ECL model on loan receivables amounting to US$122,000 (2019: net reversal of impairment loss of US$3,497,000) is recognised in profit or loss during the year ended 31 March 2020.

Details of impairment assessment of loan receivables for the year ended 31 March 2020 are set out in note 37.

24. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.35% to 3.57% (2019: 0.4% to 2.78%) per annum.

Pledged bank deposits amount of US$22,216,000 (2019: US$23,082,000) represents deposit paid by the Group to a bank as required by the government of Alberta, Canada, for operating in the mining activities, closure of mines and the environmental rehabilitation work of relevant mines (see note 29).

During the year ended 31 March 2019, the Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. As at 31 March 2019, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees amounted US$9,803,000 as at 31 March 2019 are backed by collateral deposits which amounted to US$9,881,000. There was another deposit of US$21,618,000 paid by the Group to a bank as required by the government of Queensland for operating in the mining activities, closure of mines and the environmental rehabilitation work of relevant mines as at 31 March 2020. There was no related guarantees and deposits as at 31 March 2020 as the copper mining business was disposed of during the current year.

The interest rates for the pledged bank deposits is at 1.29% (2019: 2.20% to 2.45%) per annum for the year ended 31 March 2020.

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25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 US$'000	2019 US$'000 (restated)
Trade payables (aged within 30 days)	3,332	4,541
Other payables and accruals	11,931	13,952
	15,263	18,493

The comparative figures of interest payable arising from bank borrowings has been restated and reclassified to bank borrowings to conform with the current year's presentation.

The average credit period on purchases of goods and consumables is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Other payables also include GST payable to the Alberta Government of US$11,000 (2019: US$57,000 payable to the Australian and Alberta Government), in respect of sales made in Alberta, Canada (2019: Australia and Alberta, Canada) under relevant rules and regulations. There is no trade and other payables from copper operation as at 31 March 2020 due to the disposal of copper mining business during the current year.

26. BANK BORROWINGS

	2020 US$'000	2019 US$'000 (restated)
Bank loans	474,055	432,235
Secured	474,055	432,235
The carrying amounts of the secured bank borrowings are repayable:		
Within one year	31,470	1,283
Within a period of more than one year but not exceeding two years	8,886	1,246
Within a period of more than two years but not exceeding five years	433,699	429,706
	474,055	432,235
Less: Amounts due within one year shown under current liabilities	(31,470)	(1,283)
Amounts shown under non-current liabilities	442,585	430,952

26. BANK BORROWINGS (Continued)

The bank borrowing in Hong Kong which denominated in HK$ with principal amount of US$30,186,000 (2019: nil) carries interest at Hong Kong Inter-bank Offered Rate ("HIBOR") plus 0.9% per annum, and is secured by the shares of listed company in Hong Kong which purchased through the bank by the Group and is repayable within one month.

The bank borrowing denominated in British Pound ("GBP") with principal amount of US$10,057,000 (2019: US$11,895,000) carries interest at variable market rates of 3 months London Inter-Bank Offer Rate ("LIBOR") plus 2.75% per annum, and is secured by the investment properties located in UK (note 17) and is repayable in instalments for 4 years.

A term loan with principal amount of US$408,413,000 (2019: US$409,413,000) carries interest at variable market rates of 3 months LIBOR plus 1.20% per annum, secured by all the equity shares of CST-Grande Cache Cayman Limited and its subsidiaries and their present and future assets with a maturity of 5 years. The repayment of principal and interest of the term loan is subject to net positive cash flow from operations ("Net Cash Flow") CCC being available pursuant to the arrangement under the restructuring implementation agreement (the "RIA Agreement"). Firstly, the Group needs to repay the principal of this term loan after the retention of 10% working capital of CCC and China Minsheng Banking Corp., Ltd., Hong Kong Branch ("CMBC") shall ensure the retention portion in the working capital would only be used for CCC's production purposes in accordance with CCC's approved budget and annual production plan. Secondly, the Group starts to pay the interest accrued on this term loan after the principal amount has been repaid in full. In the opinion of management of the Group according to the approved budget and annual production plan and the fact that the coal mine business is at its initial stage, the management of the Group does not expect there is net cash flow within 12 months after the reporting period. Accordingly, the whole term loan is shown under non-current liabilities.

Included in bank borrowings are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

	2020 **US$'000**	2019 US$'000
US$	**433,699**	420,239

During the current year, in respect of a bank borrowing with a carrying amount of US$30,186,000 as at 31 March 2020, the Group failed to meet certain of the terms of the bank borrowing, which are primarily related to the tangible net worth amount of the Group. On discovery of the situation, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. Since the lender has not concluded to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 March 2020. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

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27. LEASE LIABILITIES

	2020 US$'000
Lease liabilities payable:	
Within one year	1,827
Within a period of more than one year but not more than two years	16,528
Within a period of more than two years but not more than five years	848
	19,203
Less: Amount due for settlement with 12 months shown under current liabilities	(1,827)
Amount due for settlement after 12 months shown under non-current liabilities	17,376

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Canadian dollar ("CAD") US$'000
As at 31 March 2020	14,806

28. OBLIGATIONS UNDER FINANCE LEASE

	2019 US$'000
Analysed for reporting purposes as:	
Non-current liabilities	14,806

As at 31 March 2019, the lease term is three years. Interest rates underlying all obligation under finance leases are fixed at contract dates at 7% per annum and payable annually. The obligation under finance lease is recognised as lease liabilities as at 31 March 2020 under the application of HKFRS 16.

	Minimum lease payment 2019 US$'000	Present value of minimum lease payment 2019 US$'000
Obligations under finance leases payable:		
Within a period more than two years but not more than five years	17,138	14,806
Less: future finance charges	(2,332)	N/A
Present value of lease obligation	14,806	14,806
Less: Amount due for settlement with 12 months (shown under current liabilities)		—
Amount due for settlement after 12 months		14,806

29. PROVISION FOR MINE REHABILITATION COST

In accordance with relevant rules and regulations in Canada, the Group is obligated to bear the cost of rehabilitation upon the closure of the Group's coal mine. The provision for rehabilitation cost has been estimated in accordance with the local rules and regulations in the aforesaid regions.

Rehabilitation costs have been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation. Rehabilitation costs are capitalised as mine property and development assets in property, plant and equipment, and are amortised over the life of the mine on an UOP basis. The provision for mine rehabilitation cost in relation to the copper mine in Australia was transferred to the purchaser, upon the completion on the disposal of the CSTMA Group on 19 July 2019 (note 11(a)). The remaining provision of US$23,127,000 as at 31 March 2020 is related to the coal mine in Alberta, Canada.

As at 31 March 2020, a bank guarantee of US$22,216,000 (2019: US$23,082,000) is placed with the Alberta Energy Regulator, Canada for the purposes of settling these rehabilitation costs (note 24). As at 31 March 2019, bank guarantee of US$21,618,000 was placed with Department of Environment and Heritage Protection, Queensland Government, Australia. There is no bank guarantee placed in Australia as at 31 March 2020 due to the disposal of the copper mining business in Australia as mentioned above.

	US$'000
At 1 April 2018	23,862
Addition through acquisition of mining business (Note 35)	29,028
Additions	1,844
Exchange adjustment	(918)
At 31 March 2019	**53,816**
Disposal through disposal of subsidiaries (Note 11(a))	**(23,604)**
Reversal of provision for mine rehabilitation cost	**(5,095)**
Exchange adjustment	**(1,990)**
At 31 March 2020	**23,127**

30. PROVISION FOR AN ONEROUS CONTRACT

As at 31 March 2019 due to the committed power supply expenses of an non-cancellable power supply contract for the copper mining operation in Australia, the management estimated their onerous contract amounted to US$5,474,000. There was no provision for such onerous contract as at 31 March 2020 as the copper mining business was disposal of during the current year (note 11(a)).

	US$'000
At 1 April 2018	11,612
Reversal of provision for an onerous contract	(5,418)
Exchange adjustment	(720)
At 31 March 2019	**5,474**
Disposal of copper mining business (Note 11(a))	**(5,417)**
Exchange adjustment	**(57)**
At 31 March 2020	**—**

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30. PROVISION FOR AN ONEROUS CONTRACT (Continued)

	2020 US$'000	2019 US$'000
Current portion	—	1,368
Non-current portion	—	4,106
	—	5,474

31. GUARANTEE LIABILITY

The guarantee liability represents the obligation that the Group entered into by issuing a guarantee contract to CMBC covering banking facilities granted to GCC LP (as defined in note 35) as part of the consideration for the acquisition of mining business as set out in note 35.

The management of the Group considers it is highly probable that a claim will be made against the Group in respect of the above guarantee and the entire guarantee amounted to US$40,100,000 (2019: US$40,100,000) has been recognised in the consolidated statement of financial position as a liability.

32. DEFERRED TAX LIABILITIES

	Undistributed profits of a subsidiary US$'000
At 1 April 2018 and 31 March 2019	—
Charge to profit or loss	719
Currency realignment	(44)
At 31 March 2020	675

At 31 March 2020, the Group had unused tax losses of US$747,906,000 (2019: US$669,984,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams in both 2020 and 2019. The losses may be carried forward indefinitely.

33. SHARE CAPITAL

	Number of shares	Share capital US$'000
Ordinary shares of HK$0.10 each		
Authorised		
At 1 April 2018, 31 March 2019 and 31 March 2020	100,000,000,000	1,282,052
Issued and fully paid		
At 1 April 2018, 31 March 2019 and 31 March 2020	38,698,308,961	496,132

34. ACQUISITION OF SUBSIDIARIES

On 11 September 2018, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire the entire issued capital of Adair Ventures Limited, Golden Avenue Investments Limited and Westfield Global Investments Limited (collectively referred as the "Target Companies") at a cash consideration of US$33,150,000. The acquisition of Target Companies was completed on 11 September 2018. The major assets of the Target Companies are investment funds.

The directors of the Company were of the opinion that this transaction did not constitute business combinations as defined in HKFRS 3 "Business Combinations", therefore, the acquisition had been accounted for as acquisition of assets. Details of the transaction are summarised as follows.

Assets acquired on the date of acquisition:

	US$'000
Financial assets at FVTPL	33,145
Cash and cash equivalent	5
Net assets acquired	33,150
Net cash outflows on acquisition:	
Cash consideration paid	33,150
Less: Cash and cash equivalent acquired	(5)
	33,145

35. ACQUISITION OF MINING BUSINESS

Grande Cache Coal LP ("GCC LP"), an independent third party, is a limited partnership established in Canada and being the owner of mines and engaged in the business of the development of coal mines and production of coking coal and related products in Canada. Due to unfavorable coal market conditions in prior years, GCC LP has been in financial distress since late 2015. Pursuant to the Receivership Orders dated 24 January 2017 and 3 February 2017, Deloitte Restructuring Inc. ("Vendor"), was appointed as the receiver of all of the assets including Grande Cache Coal ("GCC") mines located in Canada.

A wholly-owned subsidiary of the Company entered into a restructuring agreement with CMBC, and the Vendor to set up the immediate holding company of CCC namely, CST-Grande Cache Cayman Limited and CCC on 22 December 2017. All the relevant coking coal mining assets and properties from GCC LP were transferred to CCC and the Group has paid a cash consideration of US$24,523,000 and assume all the liabilities from GCC LP including a guarantee liability of US$40,100,000, a liability under a term loan of US$409,413,000 and a finance lease obligation of US$14,806,000. Thus, the net asset value of CCC at the date of completion of the restructuring is nil. No goodwill arose in the acquisition of coal mine. Pursuant to the restructuring agreement, CMBC held the remaining 12% equity shares of the CST-Grande Cache Cayman Limited after the restructuring without consideration. The acquisition was completed on 18 July 2018 and has been accounted for using the acquisition method.

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35. ACQUISITION OF MINING BUSINESS (Continued)

CONSIDERATION TRANSFERRED:

	US$'000
Cash paid (Note)	6,926
Deposit utilised	17,597
	24,523
Obligations:	
Guarantee liability (Note 31)	40,100
Term loan (Note 26)	409,413
Obligations under finance lease (Note 28)	14,806
	488,842

The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	454,136
Exploration and evaluation assets	34,081
Inventory	5,814
Cash (Note)	757
Pledged bank deposits	23,082
Provision for mine rehabilitation cost	(29,028)
	488,842

Note: Net cash outflow raising from the acquisition is US$6,169,000, which is the cash consideration paid during the year ended 31 March 2019 amounted to US$6,926,000 beings, net off by cash and cash equivalent balances acquired amounted to US$757,000.

The guarantee liability represents the contractual obligation that the Group entered into by issuing a guarantee contract to CMBC covering banking facilities granted to GCC LP as part of the consideration for the acquisition of mining business. Details are set out in note 31.

The term loan facility was transferred to the Group, details are set out in note 26. The term loan is used to pay the consideration of acquisition which shall be used for the repayment in full of the previous bank facility of GCC LP with relevant accrued interests, charges and expenses.

No goodwill arose in the acquisition of coal mine.

35. ACQUISITION OF MINING BUSINESS (Continued)

Included in the loss for the year ended 31 March 2019 is US$30,261,000 attributable to the additional business generated by CCC. Revenue for the year ended 31 March 2019 includes US$24,141,000 generated from CCC.

Had the acquisition been completed on 1 April 2018, total aggregate group revenue from continuing and discontinued operations for the year ended 31 March 2019 would have been US$76,654,000, and loss for the year ended 31 March 2019 would have been US$85,743,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

In determining the 'pro forma' revenue and loss of the Group had CCC been acquired on 1 April 2018, the directors of the Company have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on funding levels, credit ratings and debt/equity position of the Group after the business combination.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of, bank borrowings, lease liabilities and obligations under finance lease, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, debt issuance, new share issues and share buy-backs.

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37. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2020 US$'000	2019 US$'000 (restated)
Financial Assets		
Financial assets at amortised cost	138,637	215,486
Financial assets at FVTPL	359,719	416,805
Derivative financial instruments	72	29
	498,428	632,320
Financial Liabilities		
Amortised cost	481,449	438,785
Guarantee liability	40,100	40,100
Lease liabilities/obligations under finance lease	19,203	14,806
	540,752	493,691

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The management of the Group manages the financial risks relating to operations through the internal risk reports which analyse exposures by degree and magnitude of risks. These risks represent market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Except for an interest rate swap, the Group does not enter into other derivative financial instruments for hedging purpose. There has been no significant change to the Group's exposure to market risks or manner in which it manages and measures such risks.

Market risk

Foreign currency risk management

Several subsidiaries of the Group have financial assets denominated in Renminbi ("RMB"), CAD, US$, GBP, Euro dollars ("EUR") and AUD which are other than the functional currency of the relevant group entities and expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In addition, the Group is also exposed to foreign currency risk to the extent of non-current intra-group balances that form part of the net investment when the subsidiaries which have HK$ as their functional currency injected capital denominated in CAD for operations in Canada which has CAD as their functional currency respectively. The carrying amount of the intra-group balances in Canada was US$42,900,000 at 31 March 2020 (2019: intra-group balances in Australia and Canada amount of US$51,734,000 and US$42,900,000 respectively).

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Foreign currency risk management (Continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities (representing trade receivables, financial assets at FVTPL, bank balances and cash and bank borrowings, excluding intra-group balance described above) at the reporting date is as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
		(restated)		(restated)
RMB	**2,558**	2,777	**—**	—
CAD	**591**	939	**—**	—
US$	**260,453**	217,303	**433,699**	420,239
GBP	**1,911**	1,915	**—**	—
AUD	**8,519**	7,358	**—**	—
EUR	**2**	2,381	**—**	—

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2019: 5%) increase or decrease in RMB, CAD, GBP, EUR and AUD. 5% (2019: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes outstanding foreign currency denominated monetary item and adjusts their translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rate. It excludes items denominated in US$ held by the group entities with HK$ as functional currency as the directors consider that the Group's exposure to US$ for such entities is insignificant on the ground that HK$ is pegged to US$. A positive number indicates a decrease in post-tax loss for the year where the foreign currencies strengthens 5% (2019: 5%) against the functional currency of respective group entity.

	Profit or loss	
	2020	2019
	US$'000	US$'000
		(restated)
RMB	**107**	116
CAD	**25**	39
US$	**(13,962)**	(13,797)
GBP	**77**	78
AUD	**356**	258
EUR	**—**	99

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables and lease liabilities (see notes 26 and 27 for details respectively). The Group currently does not have any instruments to hedge against the fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits, pledged bank deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, LIBOR and HIBOR arising from the Group's GBP, US$ and HK$ denominated bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of bank borrowings in floating rates and ensure they are within reasonable range. If the bank interest rate of bank balances and pledged bank deposits had been 10 basis point (2019: 10 basis point) increase/decrease while all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2020 would decrease/increase by US$65,000 (2019: US$139,000).

If interest rates of variable-rate bank borrowings had been 10 basis points (2019: 10 basis points) increase/decrease and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2020 would increase/ decrease by US$335,000 (2019: increase/decrease by US$309,000).

Other price risk

The Group is exposed to equity and other price risk mainly through its financial assets at FVTPL. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For sensitivity analysis purpose, the sensitivity rate is 30% (2019: 30%). If the prices of the respective securities had been 30% (2019: 30%) higher/lower while all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by US$90,110,000 (2019: US$104,410,000) as a result of the changes in fair value of Hong Kong and overseas listed equity securities, debt securities, unlisted investment funds and unlisted equity investments under financial assets at FVTPL.

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment

As at 31 March 2020, the Group has concentration of credit risk of investment in financial assets at FVTPL, representing debt securities of US$156,432,000 (2019: US$118,513,000) issued by listed companies.

The management considers the credit risk on the debt securities is limited for both years because the issuer is in good financial position and the management closely oversees its financial position. The management manages and monitors these exposures by overseeing the performance of the listed issuers to ensure appropriate measures are implemented on a timely and effective manner.

As at 31 March 2020, the Group's trade receivable is due from one major customer based in Canada (31 March 2019: Australia). The major customer has a good reputation in its market and the Group's management monitors the customer's performance continuously to ensure the Group's exposure to credit risk is minimised.

The Group's concentration of credit risk by geographical location is mainly in Canada (2019: Australia), which accounted for 100% (2019: 100%) of the total trade receivables, as at 31 March 2020.

The Group has concentration of credit risk by geographical location in Hong Kong and Singapore accounted for 56% (2019: 66%) and 43% (2019: 33%) of the financial assets at FVTPL as at 31 March 2020 respectively.

Impairment assessment under ECL model

The Group assessed the credit quality of the counterparties by taking into account their financial position, credit history, forward looking information and other factors.

Trade receivable

In order to minimise the credit risk, the management of the Group would determine the credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. Before accepting any new client, the Group assesses the potential customer's credit quality and defines its credit limit. Credit limits attributed to client are reviewed regularly. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on accounts balances individually.

The management performs periodic evaluations on clients to ensure the Group's exposure to bad debts is not significant. The experience in collection of trade receivables from clients from the mining business falls within the expectation of the directors. The management has continued to adopt business initiatives to enlarge the customer base of business of dealing in securities in order to reduce and also mitigate concentrations of credit risk.

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Trade receivable (Continued)

The trade receivables from customers from the mining business have been reviewed by the management to assess impairment allowances which based on evaluation of collectability and on management's judgement, including the current creditworthiness and the past collection statistics of individual account and collateral held by the Group. The credit risk for trade receivables is considered as not material taking into account the good reputations and high credit ratings of the counterparties.

Other receivables

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience, for example, the Group has considered the consistently low historical default rate in connection with payments as adjusted by forward-looking information, and concluded that credit risk inherent in the group's outstanding other receivables is insignificant.

Loan receivables

Before granting loans to outsider, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loans receivables on individual basis. The ECL rates are estimated based on historical observed default rates and the credit quality classification and are adjusted for forward-looking information, including but not limited to the historical settlement patterns and financial status of each borrower.

In order to minimise the credit risk, the management of the Group has delegated a team to develop and maintain the Group's internal credit risk grading to classify the exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its borrowers.

In respect of the loan receivables, representing financing advances to customer under the Group's money lending business, individual credit evaluation is performed on each customer. The evaluation focuses on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. As at 31 March 2020, the total loan receivables are due from seven customers (2019: two).

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Loan receivables (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers individually. The estimated credit losses rates ranging from 0.1% to 7.74% (2019: 0.1% to 8.17%) are estimated based on historical observed default rates and the credit quality classification and are adjusted for forward-looking information, including but not limited to the historical settlement patterns and financial status of each borrower. The Group has provided for impairment loss for such loan receivables as at 31 March 2020 based on the ECL model under 12m ECL as further details below.

Amount due from a joint venture

In determining the ECL for the amount due from a joint venture, the management of the Group has taken into account the historical observed default rates and the credit quality classification and are adjusted for forward looking information, including but not limited to the historical settlement patterns and financial status of the joint venture.

Bank balances and pledged bank deposits

The management of the Group considers the bank balances and pledged bank deposits that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the probability of default is negligible on the basis of high credit rating issuers, accordingly, no loss allowance was recognised.

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37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Financial guarantee liability

The guarantee liability represents the contractual obligation that the Group entered into by issuing a guarantee contract to CMBC covering banking facilities granted to GCC LP as part of the consideration for the acquisition of mining business. The management of the Group considers the internal credit rating of the financial guarantee liability is loss as evidence indicating the financial guarantee is credit-impaired; therefore, loss allowance of US$40,100,000 (2019: US$40,100,000) was recognised.

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee, which are subject to ECL assessment:

	Notes	12m or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000
As at 31 March 2020				
Financial assets at amortised cost				
Trade receivables	22	Lifetime ECL (not credit-impaired)	4,907	—
Loan receivables	23	12m ECL	36,792	740
Other receivables	22	12m ECL	8,961	—
Amount due from a joint venture	19	12m ECL	4,042	—
Amount due from brokers included in other receivables	22	12m ECL	582	—
Bank balances	24	12m ECL	61,877	—
Pledged bank deposits	24	12m ECL	22,216	—
Other item				
Financial guarantee contract	31	Lifetime ECL (credit-impaired)	40,100	40,100

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

	Notes	12m or lifetime ECL	Gross carrying amount US$'000 (restated)	Loss allowance US$'000
As at 31 March 2019				
Financial assets at amortised cost				
Trade receivables	22	Lifetime ECL (not credit-impaired)	980	—
Loan receivables	23	12m ECL	28,892	618
Other receivables	22	12m ECL	2,784	—
Amount due from a joint venture	19	12m ECL	4,042	—
Amount due from brokers included in other receivables	22	12m ECL	666	—
Bank balances	24	12m ECL	124,159	—
Pledged bank deposits	24	12m ECL	54,581	—
Other item				
Financial guarantee contract	31	Lifetime ECL (credit-impaired)	40,100	40,100
Other financial guarantee contracts (Note)		12m ECL	31,194	—

Note: The amounts for other financial guarantee contracts as at 31 March 2019 represented the financial guarantee given to the banks for the supplier contract in respect to the operations of the Australian mine. This was the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at 31 March 2019, the Group considered that it is more likely than not that such amount would not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The financial guarantee was released due to the disposal of copper mining business during the current year.

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Current credit risk grading framework

The Group's current credit risk grading framework comprises the following categories under the general approach:

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables/other item
Low risk	The counterparty has a low risk of default and does not have any past-due amounts and history of default	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtors/borrowers usually settle in full after due date or the Group and debtors/borrowers enter into extension of loan with mutual agreement before due date	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor/borrowers are in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The credit risk on liquid funds is limited because the counterparties are banks amount of US$61,877,000 (2019: US$124,159,000) and brokers amount of US$582,000 (2019: US$666,000) with high credit-ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit-ratings, trade receivables and financial assets at FVTPL, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties and customers and across diverse geographical areas.

The following table shows reconciliation of loss allowances that have been recognised for loan receivables.

	12m ECL for loan receivables (not credit-impaired) US$'000
As at 1 April 2018	4,115
Changes due to financial instruments recognised as at 1 April 2018	(4,115)
New financial assets originated	618
As at 31 March 2019	618
Changes due to financial instruments recognised as at 1 April 2019	(618)
New financial assets originated	740
As at 31 March 2020	740

During the year ended 31 March 2020, impairment allowances of US$740,000 (2019: US$618,000) was made for loan receivables with gross carrying amount of US$36,792,000 (2019: US$28,892,000). Impairment allowance amounted to US$618,000 (2019: US$4,115,000) was reversed for loan receivables with gross carrying amount of US$28,892,000 (2019: US$192,449,000) since all the relevant loan receivables were fully recovered during the year.

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 3 months US$'000	Over 3 months but not more than 1 year US$'000	Over 1 year but not more than 2 years US$'000	Over 2 years but not more than 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.3.2020 US$'000
As at 31 March 2020							
Non-derivatives financial liabilities							
Trade and other payables	—	7,394	—	—	—	7,394	7,394
Bank borrowings							
— variable rate (Note)	3.44	31,458	920	9,591	499,550	541,519	474,055
Lease liabilities	6.55	507	1,507	16,880	868	19,762	19,203
Guarantee liability	—	40,100	—	—	—	40,100	40,100
		79,459	2,427	26,471	500,418	608,775	540,752

	Weighted average interest rate %	Less than 3 months US$'000 (restated)	Over 3 months but not more than 1 year US$'000	Over 1 year but not more than 2 years US$'000	Over 2 years but not more than 5 years US$'000 (restated)	Total undiscounted cash flows US$'000 (restated)	Carrying amount at 31.3.2019 US$'000 (restated)
As at 31 March 2019							
Non-derivatives financial liabilities							
Trade and other payables	—	6,550	—	—	—	6,550	6,550
Bank borrowings — variable rate	3.64	400	910	1,338	514,230	516,878	432,235
Obligations under finance lease	7	—	—	—	17,138	17,138	14,806
Guarantee liability	—	40,100	—	—	—	40,100	40,100
		47,050	910	1,338	531,368	580,666	493,691
Other financial guarantee contracts		31,194	—	—	—	31,194	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

37. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Note: Among the bank borrowings amount of US$433,699,000 (2019: US$420,239,000), if there is any recourse against the Group such as termination of the operation, the repayment is limited to equity shares of CCC and their present and future assets, pursuant to the RIA Agreement (note 26) signed between the Group and CMBC. The management of the Group considers the Group's exposure to liquidity risk is not significant.

(C) FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique(s)
	2020	2019		
	US$'000	US$'000		
Financial assets at FVTPL				
Debt securities	156,432	118,513	Level 2	Quoted prices in over-the-counter
Equity securities listed in Hong Kong	48,364	158,858	Level 1	Quoted bid prices in active markets
Equity securities listed outside Hong Kong	1,125	2,001	Level 1	Quoted bid prices in active markets
Investment funds	142,665	137,433	Level 3	Applying marketability discount to the net asset values per share or unit (Note)
Unlisted equity investments	11,133	—	Level 3	Applying market approach by using marketability discount to the equity value referencing to recent market transaction or market multiples (Note)
Derivative financial instruments				
Interest rate swap contract	72	29	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter-parties and of the Group as appropriate.

There is no transfer among Level 1, 2 and 3 during the year (2019: amounts of US$63,940,000 financial assets at FVTPL was transferred from level 2 to level 3).

37. FINANCIAL INSTRUMENTS (Continued)

(C) FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on recurring basis (Continued)

Note: A slight increase in the discount rates used in isolation would result in a significant decrease in the fair value measurement of the investment funds and unlisted equity investments respectively, vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the investment funds and unlisted equity investments by US$7,520,000 and US$651,000 (2019: US$7,222,000 and nil), respectively.

Fair value hierarchy

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2020				
Financial assets at FVTPL	**49,489**	**156,432**	**153,798**	**359,719**
Derivative financial instruments	**—**	**72**	**—**	**72**
	49,489	**156,504**	**153,798**	**359,791**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2019				
Financial assets at FVTPL	160,859	118,513	137,433	416,805
Derivative financial instruments	—	29	—	29
	160,859	118,542	137,433	416,834

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL US$'000
At 1 April 2018	38,124
Transfer from Level 2 to Level 3	63,940
Arising from acquisition of subsidiaries (Note 34)	33,145
Purchases	46,307
Disposal	(20,681)
Loss recognised in profit or loss	(23,402)
At 31 March 2019	**137,433**
Purchases	**48,962**
Disposal	**(12,186)**
Loss recognised in profit or loss	**(26,308)**
Transferred from deemed disposal of an associate (Note 18)	**5,897**
At 31 March 2020	**153,798**

37. FINANCIAL INSTRUMENTS (Continued)

(D) FAIR VALUE MEASUREMENTS AND VALUATION PROCESS

The board of directors of the Company has closely monitored the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform valuation for Level 3 financial assets. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques used in determining the fair value of various assets are disclosed above.

The directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values.

38. RETIREMENT BENEFIT SCHEMES

The Group participates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The MPF Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant income with maximum employee's contribution of not exceeding HK$1,500 per month (equivalent to approximately US$192).

The employees of subsidiary in Canada are members of the Registered Retirement Saving Plans. The subsidiary has elected to make contributions to their employees' Registered Retirement Savings Plan ("RRSP") accounts. Therefore, the subsidiary is required to make contributions to employee RRSP accounts which are calculated as a percentage of payroll costs. The only obligation of the Group with respect to this retirement benefit scheme is to make these specified contributions.

The employees of subsidiary in Australia are members of the Compulsory Superannuation Guarantee Contributions. The subsidiary is required to contribute a certain percentage of payroll costs to the retirement benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions.

The employees of subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions.

During the year, the amount contributed by the Group to the MPF Scheme charged to profit or loss was US$77,000 (2019: US$71,000 MPF Scheme and State-sponsored pension scheme). The Group also contributed US$17,000 (2019: US$68,000) and US$590,000 (2019: US$191,000) to the superannuation and retirement savings plan participated in Australia and Canada, respectively and the contribution amounts were charged to profit or loss, or capitalised as inventories and then transferred to cost of sales according to its nature.

39. DISPOSAL OF A SUBSIDIARY

On 20 April 2018, the Group entered into an agreement regarding to disposal of equity interest of a wholly-owned subsidiary, Leadton Corp, which holds equity investments in an unlisted equity classified as financial asset at FVTPL. The disposal was completed on 30 April 2018 and the net assets of Leadton Corp. at the date of disposal were as follows:

	US$'000
Consideration received:	
Cash received	1,026
Analysis of assets and liabilities over which control was lost:	
Financial asset at FVTPL	—
Gain on disposal of a subsidiary:	
Consideration received	1,026
Less: Net assets disposed of	—
Gain on disposal	1,026
Net cash inflow arising on disposal:	
Cash consideration	1,026

There was no impact of Leadton Corp. on the Group's result and cash flows in the prior periods.

40. OPERATING LEASE ARRANGEMENTS

THE GROUP AS LESSEE

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 US$'000
In respect of rented premises:	
Within one year	1,083
In the second to fifth year inclusive	138
	1,221

Operating lease payments represent rentals payable by the Group for certain of its rented premises. Leases are negotiated for the terms range from one to two years for the year ended 31 March 2019.

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For the year ended 31 March 2020

40. OPERATING LEASE ARRANGEMENTS (Continued)

THE GROUP AS LESSOR

All of the properties held for rental purposes have committed lessees for the next one to four years.

As at 31 March 2020, minimum lease payments receivable on leases are as follows:

	2020 US$'000
Within one year	2,406
In the second	2,309
In the third year	892
In the fourth year	47
	5,654

As at 31 March 2019, the Group had contracted with lessees for the following future minimum lease payments:

	2019 US$'000
Within one year	2,650
In the second to fifth year inclusive	5,773
	8,423

41. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	2020 US$'000	2019 US$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— capital injection in investment funds	4,582	10,551
— acquisition of property, plant and equipment	256	2,308
— acquisition of financial assets at FVTPL (Note)	15,385	—
	20,223	12,859

Note: In the opinion of the directors of the Company, the acquisition is expected to be lapsed due to the results of due diligence works. Such deposit paid with an amount of US$3,846,000 is expected to be refunded within 12 months from the end of the reporting year ended 31 March 2020.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Obligation under finance lease	Bank borrowings	Total
	US$'000	US$'000	US$'000	US$'000
At 1 April 2018	—	—	14,224	14,224
Financing cash flows	—	(798)	(1,539)	(2,337)
Interest expenses recognised in the consolidated statement of profit or loss	—	798	11,163	11,961
Addition arising from acquisition of mining business (Note 35)	—	14,806	409,413	424,219
Exchange realignment	—	—	(1,026)	(1,026)
At 31 March 2019	—	14,806	432,235	447,041
Adjustment upon application of HKFRS 16 (Note 2.1)	14,981	(14,806)	—	175
As at 1 April 2019 (restated)	**14,981**	**—**	**432,235**	**447,216**
Financing cash flows	**(1,742)**	**—**	**27,978**	**26,236**
Interest expenses recognised in the consolidated statement of profit or loss	**1,165**	**—**	**15,764**	**16,929**
Addition of lease liabilities	**4,831**	**—**	**—**	**4,831**
Exchange realignment	**(32)**	**—**	**(1,922)**	**(1,954)**
At 31 March 2020	**19,203**	**—**	**474,055**	**493,258**

43. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into new lease agreements for the use of leased properties, mining trucks and office equipment ranged from two to five years. On the lease commencement, the Group recognised US$4,831,000 of right-of-use asset and US$4,831,000 lease liability.

44. EVENT AFTER THE REPORTING PERIOD

The continuing outbreak of the COVID-19 has adverse impact on the Group's operations. The directors of the Company has resolved to suspend its coal mining operations at the GCC mine located near Grande Cache, Alberta (the "Mine") to ensure worker safety in accordance with applicable public health guidelines, and to prevent an outbreak of COVID-19 among the workforce at the Mine and in the remote community of Grande Cache on 12 May 2020. The extent of the financial impact in relation to the suspension of the Mine cannot be estimated at the date of these financial statements are authorised for issue due to the uncertainties of the outbreak of COVID-19. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the remuneration of directors of the Company who are also key management during the year was as follow:

	2020 US$'000	2019 US$'000
Short-term benefits	11,051	11,316
Post-employment benefits	10	10
	11,061	11,326

In addition to the amounts above, the Group also provides other non-monetary benefits (such as accommodation) to key management personnel. The Group has recognized an addition of right-of-use asset and lease liability of US$1,326,000 and US$1,326,000 respectively. The interest expenses on lease liability amounted to US$21,000 was recognized during the year ended 31 March 2020.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2020 and 31 March 2019 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered and paid-up capital		Proportion of nominal value of issued share capital/registered and paid-up capital held by the Company				Principal activities
				Directly		Indirectly		
		2020	2019	2020	2019	2020	2019	
China Sci-Tech Secretaries Limited	Hong Kong	HK$10,000	HK$10,000	100%	100%	—	—	Provision of secretarial services and investment holding
CST Minerals Lady Annie Pty Limited	Australia	—	AUD2	—	—	— (Note)	100%	Exploration, mining, processing and sale of copper in Australia
CCC	Canada	CAD100	CAD100	—	—	88%	88%	Exploration, mining, processing and sale of coal in Canada
Deep Bowl Limited	BVI	US$1	US$1	—	—	100%	100%	Vessel holding
Isenberg Holdings Limited	Hong Kong	HK$2	HK$2	—	—	100%	100%	Property investment
Jabour Limited	Hong Kong	HK$2	HK$2	—	—	100%	100%	Property investment
Kingarm Company Limited	Hong Kong	HK$2	HK$2	—	—	100%	100%	Property investment
Skytop Technology Limited	Hong Kong	HK$127,490,481	HK$127,490,481	—	—	100%	100%	Securities investment
Unigolden Limited	Hong Kong	HK$2	HK$2	—	—	100%	100%	Property investment
Sun Power Finance Limited	Hong Kong	HK$1	HK$1	—	—	100%	100%	Money lending
Dakota RE I Limited	BVI	US$510	US$510	—	—	51%	51%	Property investment
Rising Up Holdings Limited	BVI	US$1	US$1	—	—	100%	100%	Aircraft holding

Note: The subsidiary was disposed of on 19 July 2019, as detailed in note 11(a).

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

In the opinion of the directors of the Company, the above companies principally affected the operations of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 March 2020 and 2019 or at any time during both years.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2020	Number of subsidiaries 2019
Investment holdings	Hong Kong	43	49
Mining business	Australia	—	2
Securities investment	Hong Kong	11	11
E-logistics platform	PRC	—	2
Property investment	UK	2	2
		56	66

DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Incorporation/ principal place of business	Proportion of ownership interest held by non-controlling interests 2020	2019	Proportion of voting power held by non-controlling interests 2020	2019	Loss (gain) allocated to non-controlling interests 2020 US$'000	2019 US$'000	Accumulated non-controlling interests 2020 US$'000	2019 US$'000
First Cargo Holdings Limited	BVI/Hong Kong	— (Note)	8%	— (Note)	8%	—	8	—	(186)
Dakota RE I Limited	BVI/UK	49%	49%	49%	49%	(466)	(53)	6,845	6,811
CCC	Canada	12%	12%	12%	12%	19,869	3,631	(23,500)	(3,631)
						19,403	3,586	(16,655)	2,994

Note: The subsidiary was disposed of on 26 March 2020 as detailed in note 11(b).

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For the year ended 31 March 2020

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 US$'000	2019 US$'000
Non-current assets		
Property, plant and equipment	84	16
Right-of-use assets (Note)	2,759	—
Investments in subsidiaries	—	—
Club membership	1,949	1,949
Amounts due from subsidiaries	253,194	358,956
	257,986	360,921
Current assets		
Other receivables	1,548	586
Amounts due from subsidiaries	151,926	201,394
Financial assets at fair value through profit or loss	5,338	6,811
Bank balances and cash	15,667	77,960
	174,479	286,751
Current liabilities		
Other payables	347	349
Amounts due to subsidiaries	6,630	1,130
Lease liabilities (Note)	1,044	—
	8,021	1,479
Net current assets	166,458	285,272
Total assets less current liabilities	424,444	646,193
Non-current liability		
Lease liability (Note)	1,863	—
	422,581	646,193
Capital and reserves		
Share capital	496,132	496,132
Reserves	(73,551)	150,061
Total equity	422,581	646,193

Note: The Company has applied HKFRS 16 since 1 April 2019 in accordance with transitional provision stated in note 2. Lease with lease term ends within 12 months of date of initial application of HKFRS 16, which amount of US$368,000 was recognised at 1 April 2019 on initial application of HKFRS 16.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement of the share capital and reserves are stated as below:

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Accumulated losses US$'000	Total US$'000
At 1 April 2018	496,132	507,573	4,503	128,275	(472,586)	663,897
Loss and total comprehensive expense for the year	—	—	—	—	(17,704)	(17,704)
At 31 March 2019	496,132	507,573	4,503	128,275	(490,290)	646,193
Loss and total comprehensive expense for the year	—	—	—	—	(223,612)	(223,612)
At 31 March 2020	**496,132**	**507,573**	**4,503**	**128,275**	**(713,902)**	**422,581**

Notes:

(a) The capital reserve of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Company's reorganisation completed in January 1994.

(b) The other capital reserve of the Company represents the balance of the credit arising from the cancellation of paid up capital in previous years.

FINANCIAL SUMMARY

	Year ended 31 March				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Results					
Loss for the year	**(295,096)**	(73,284)	(11,267)	(305,268)	(68,462)

	At 31 March				
	2020	2019	2018	2017	2016
	US$'000	US$'000	US$'000	US$'000	US$'000
Assets and liabilities					
Total assets	**952,542**	1,243,333	802,190	817,999	1,122,535
Total liabilities	**(574,031)**	(570,918)	(61,645)	(62,684)	(66,558)
Net assets	**378,511**	672,415	740,545	755,315	1,055,977

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	Percentage of ownership held by the Group	Use	Lease term
Unit Nos. 1104–1107 and Unit Nos. 2501–2512 Oriental Building No. 39 Jianshe Road Luohu District Shenzhen Guangdong Province People's Republic of China	100%	Commercial	Medium term lease
East Portion of level 18 and Unit No. 2601 and Carparking Space No. 20 on basement level Shartex Plaza No. 88 Zunyi South Road Changning District Shanghai People's Republic of China	100%	Commercial	Medium term lease
Unit B on 2/F Unit A and B on 3/F Unit B on 5/F Unit A, B & C on 16/F to 23/F of Fortwest No. 1 Westlands Road Quarry Bay Hong Kong	100%	Residential	Long term lease
Flat 10 on 20/F Apartment Tower on the Western Side Convention Plaza No. 1 Harbour Road Hong Kong	100%	Residential	Long term lease
Silvan House 231 Corstorphine Road Edinburgh United Kingdom	51%	Commercial	Freehold

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Kwan Kam Hung, Jimmy
Mr. Tsui Ching Hung
Mr. Wah Wang Kei, Jackie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Pan
Ms. Ma Yin Fan
Mr. Leung Hoi Ying

COMPANY SECRETARY

Mr. Chow Kim Hang

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P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

985

COMPANY WEBSITE

www.cstgrouphk.com

CST GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 985)

Registered Office

Whitehall House, 238 North Church Street, P.O. Box 1043,
George Town, Grand Cayman KY1-1102, Cayman Islands

Hong Kong Office

Rooms 4501-05, 45th Floor, China Resources Building,
26 Harbour Road, Wanchai, Hong Kong

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